

**MEDIUM TERM REVENUE & EXPENDITURE  
FRAMEWORK 2013/2014 – 2015/16  
BUDGET DOCUMENT**



**OF  
MADIBENG LOCAL MUNICIPALITY**

**CONTENT AND FORMAT OF 2013/2014 – 2015/2016  
BUDGET DOCUMENT**

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### List of acronyms

<b>IDP</b>	Integrated Development Plan
<b>CRR</b>	Capital Replacement Reserve
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GRAP</b>	Generally Recognized Accounting Practice
<b>DHLG</b>	Department of Housing and Local Government
<b>MFMA</b>	Municipal Finance Management Act
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>CPIX</b>	Consumer Price Index
<b>FBS</b>	Free Basic Services
<b>GDP</b>	Gross Domestic Product
<b>MIG</b>	Municipal Infrastructure Grant
<b>BEE</b>	Black Economic Empowerment
<b>SMME</b>	Small Medium and Micro Enterprises
<b>LED</b>	Local Economic Development
<b>DPLG</b>	Department of Provincial and Local Government
<b>DWA</b>	Department of Water Affairs
<b>DORA</b>	Division of Revenue Act
<b>MTREF</b>	Medium Term Revenue and Expenditure Framework
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>MSA</b>	Municipal Systems Act
<b>PMS</b>	Performance Management System
<b>PPP</b>	Public Private Partnership
<b>DBSA</b>	Development Bank of South Africa
<b>DM</b>	District Municipality
<b>SALGA</b>	South African Local Government Agency
<b>SETA</b>	Sectoral Education and Training Authority
<b>HDI</b>	Historically Disadvantaged Individuals
<b>CDW</b>	Community Development Worker
<b>EPWP</b>	Extended Public Works Programme
<b>NERSA</b>	National Energy Regulator of South Africa
<b>MSIG</b>	Municipal Systems Improvement Grant
<b>NDPG</b>	Neighbourhood Development Partnership Grant
<b>INEG</b>	Integrated National Energy Grant
<b>MM</b>	Municipal Manager

## 2. MAYOR'S REPORT

***The 2013/14 Budget Speech delivered by Her Worship the Executive Mayor of the Local Municipality of Madibeng Hon. Cllr. M.P Magongwa during the Special Council Sitting held on the 22<sup>nd</sup> March 2013.***

Honourable Speaker, Cllr. Buti Makhongela;  
Honourable Single whip, Cllr. Solomon Maletse;  
Honourable Members of the Mayoral Committee;  
The Municipal Manager, Mr. Monde Juma;  
Honourable Dikgosi and their entourages;  
Honourable Councillors of the Local Municipality of Madibeng;  
Leaders of the Alliance;  
Directors, Senior Managers and the staff of the municipality;  
Representatives of formal and informal business sectors;  
Representatives of various community and faith based organisations;  
Members of the media present here; and  
People of Madibeng.

### **Key Focus Area**

The National key focus areas for the 2013/14 is to continue to support government's commitment to broadening service delivery and expanding investment in infrastructure, while taking into account the constrained fiscal environment. South Africa's economy has continued to grow, but at a slower rate than projected at the time of the 2012 Budget. GDP growth reached 2.5 per cent in 2012 and is expected to grow at 2.7 per cent in 2013, rising to 3.8 per cent in 2015. Inflation has remained moderate, with consumer prices rising by 5.7 per cent in 2012 and projected to increase by an average of 5.5 per cent a year over the period ahead.

Municipalities are reminded that the economic outlook is, however constrained by a difficult global environment and domestic restructuring. Due to lower-than-projected economic growth and revenue underperformance, government has adjusted the spending plans presented in the 2012 Medium Term Budget Policy Statement. Savings have been made at every level of government to moderate the fiscal deficit while supporting economic recovery.

### **National Development Plan Priorities**

According to national government, the National Development Plan is a point of departure and the municipality should take into account priorities that have been detailed in the Executive Summary of the National Development 2030 by the National Planning Commission. The following priorities have been identified:

- ❖ Broadening service delivery
- ❖ Expanding investment in infrastructure
- ❖ Accelerating growth
- ❖ Eliminating poverty
- ❖ Reducing inequalities by 2030
- ❖ New Growth Path to look beyond current constraints to transformation imperatives over 20 to 30 years
- ❖ Need to lower cost of living for households
- ❖ Reduce costs of doing business for small and emerging enterprises
- ❖ Ensure that progress will not be interrupted or reversed by shifting spending from consumption to capital investments

The following challenges have been identified by the planning commission to be hindrance to achieving the set priorities:

- ❖ Strained economic outlook due to global environment and domestic restructuring
- ❖ Lower projection of economic growth and revenue under performance

### **Expenditure Control System**

According to Circular 67 of MFMA, national government will implement tighter controls on government transfers especially infrastructure projects, municipality is expected to fast track capital spending and to put in place supply chain management measures and to enforce procurement processes to eliminate tender process manipulation and to avoid situations where acquisition of goods and services is above market-related prices. The economy is expected to recover slowly as a result the municipality is expected to:

- ❖ adopt conservative approach when projecting revenues and expenditures,
- ❖ pay attention to affordable tariffs
- ❖ effective management of revenue streams
- ❖ careful evaluation of all spending decisions

### **Accountability Cycle Considerations**

The municipality has to consider National Development Plan and National Growth Path for its planning activities. The municipality should incorporate objectives after considering Spatial Development Frameworks (SDF) into IDP and these objectives in IDP should inform 2013/14 MTREF budget. The 2011 Census impact especially addressing backlogs and 'poorest of the poor' should be taken into account and spatial targeting of infrastructure investment is done.

The following should be taken into consideration as well when considering expenditure plans:

- ❖ Medium-term investment plans
- ❖ Long-term goals identification as per NDP
- ❖ Eradicating non-priority spending
- ❖ Reprioritize expenditure to fund core business infrastructure

### **Key Budget Assumptions**

The 2013/14 MTREF has been compiled taking into account the Macro-Economic Performance and Projections namely, headline inflation forecast and employee related costs.

### ***Revenue Projections***

The revenue projections have been compiled under the following assumptions:

- ❖ Considered 2011/12 actual collections @ 75%
- ❖ Revised Water Tariffs @ 18%
  - Rand Water Tariff charge and possible increase @ 9.825%
  - City of Tshwane charges and possible increase @ 9%
  - Repairs and Maintenance Costs
  - Overhead costs
- ❖ Electricity Tariffs
  - NT Guideline @ 8%
- ❖ Inflation increase for other services @ 5.65%, 5.4% and 5.4% for 2013/14, 2014/15 and 2015/16 respectively.
- ❖ Division of Revenue Bill 2013 allocations

### ***Employee Related Costs***

The multiyear Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 was used to determine the salaries budget while waiting for the announcement of the final CPI for

the relevant period. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 percent for the 2013/14 financial year. In terms of the 2012 Medium Term Budget Policy Statement, municipalities were advised to provide for increases related to salaries and wages for the 2013/14 budget and MTREF as follows:

- ❖ Multi year salary wage collective agreement of 01 July 2012 to 30 June 2015
  - 6.85% (CPI of 5.6% + 1.25%) for 2013/14
  - 6.4% (CPI of 5.4% + 1%) for 2014/15
  - 6.4% (CPI of 5.4% + 1%) for 2015/16
- ❖ Payroll actual as at 28 February 2013
- ❖ Key positions advertised in March 2013
- ❖ Key positions to be filled in 2013/14 financial year

Once the final average CPI for the period 1 February 2012 until 31 January 2013 is available the necessary adjustment will be done in the before the budget can be presented to council for approval. In addition to the above the followings were considered during when preparing the salary budget:

- ❖ The overtime budget was at 5 percent which is equal to 5 percent as advised in terms of Circular 66 of the MFMA
- ❖ The overtime budget relates to essential services

### ***Remuneration of Councillors***

Councillors Allowances were projected based on the following:

- ❖ As per ministerial determination of 2012
- ❖ Tools of Trade
- ❖ Projected 2013 increase @ 7%

### ***General Expenses and Other Related Items***

Combination of incremental and Activity Based Cost budgeting principles plus possible price increase at inflation of 5.6% and that management should put strict measures in place to avoid unnecessary spending.

### ***Capital Expenditure***

Capital spending is limited to capital projects prioritized in 2013/14 IDP of which funding has been confirmed. Any possible roll-over for 2012/13 ( criteria for conditional grant funds applies and it outlined under 7.5 and 7.6 pages 16 and 17 of MFMA Circular 67).

### **Summary of Projected Revenues and Expenditure**

The total revenue budget including operating and capital transfers amount to R1.4 billion for 2013/14, R1.5 billion for 2014/15 and R1.7 billion for 2015/16. The total revenue budget has decreased by R26.9 million from the 2012/13 Approved budget and by R28.2 million from the 2012/13 Adjustment budget.

The total Expenditure budget amount to R1.4 billion for 2013/14 MTREF and R1.5 billion for 2014/15 and R1.6 billion for 2015/16. The total expenditure budget has decreased by R26.8 million from the 2012/13 approved budget and by R28.1 million from the 2012/13 Adjustment budget. Table 1 provide executive summary on both revenue budget and expenditure budget.

### ***Operating Revenues***

The total revenue budget over the medium term is R3.9 billion, constituted by R1.2 billion for 2013/14, R1.3 billion for 2014/15 and R1.4 billion for 2015/16. Total revenue increased by 2% against the 2012/13 adjustment budget or by R24.8 million and by 2% against the 2012/13 approved budget or by R25.7 million. (See Table 2 below).

The internal operating revenue for the 2013/14 financial year amount to R881.8 million, which constitute 73% of the total operating revenue budget of R1.2 billion, while operating grants and subsidies amount to R325 million, which constitutes 27% of the total operating revenue budget.

- Property rates has increased by R 94.8 million from R217 million to R 311.8million in 2013/14.
- Electricity has decreased by R4.3 million from R373 million to R368.6 million in 2013/14.
- Sanitation has decreased by R 19.4 million from R43 million to R 23.5 million in 2013/14.
- Refuse removal has decreased by R3.2 million from R25 million to R21.7 million in 2013/14.
- Surcharges is not budgeted over the medium term revenue and expenditure frame-work. However efforts are made to ensure that the municipality generates revenue on the item.
- Electricity and Property rates constitutes the biggest component of the internal operating revenue budget over the medium term revenue and expenditure frame-work. Table 3 further indicates the percentage per service as far as the internal operating revenue is concerned.
- Other income includes amongst others: interest on outstanding consumer accounts, interest on investment, rental of facilities, fines, licenses and permits, agency fees, town planning fees, building plans, cemeteries etc.

## **OPERATING EXPENDITURE**

Severe constraints were placed on the development of the Operating Budget; however Council was conscious to keeping increases in expenditure, in line with the macro limits imposed by National Treasury. Furthermore, the Council will as required by the Municipal Financial Management Act to produce credible and balance budget. The following funding choices were considered when prioritising the activities to be funded:

- ❖ Ensuring that drinking water and waste water management meets the required quality standards at all times;
- ❖ Protecting the poor by ensuring that the tariffs were affordable and the council should consider rebates on property rates to be levied.
- ❖ Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- ❖ Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- ❖ Expediting spending on capital projects that are funded by conditional grants;
- ❖ Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme

The operating expenditure budget for the medium term equates to R3.9 billion, constituted by R1.2 billion for 2013/14, R1.3 billion for 2014/15 and R1.4 billion for 2015/16. Total operating expenditure has increased by 2% against the 2012/13 Adjustments Budget, or by R24.8 million and by 2% against the 2012/13 approved budget, or 25.7 million. (See Table 5).

### **Provision for doubtful debts**

The budgeted amount on provision for doubtful debts takes into account the collection rate of 74.58% on service charges for the past eight months..

### **Repairs and maintenance**

Repairs and maintenance budget has drop by R7.8 million from the 2012/13 adjustment budget.

### **Bulk-purchases**

The budget takes into account the Eskom tariff increase, Rand-water tariff increase, Eskom tariff increase. The budget has increase by R36 million from the 2012/13 Adjustment budget.

### **Contracted Service**

The budget has increased by 17.4 million from the 2012/13 Adjustment budget.

### **Depreciation**

There are no major changes on the 2012/13 Adjustment budget and the 2013/14 proposed budget.

### **Public Investment Corporation (PIC) loan**

The municipality is still negotiating with PIC and once the matter has been finalised the proper allocation will be made if need be.

### **CAPITAL BUDGET**

The proposed capital budget for 2013/14 is R222.5 million whilst those for 2014/15 and 2015/16 are R251.3 million and R279.9 million respectively.

The MTREF allocates funds to different capital needs in line with the IDP priorities and government funding requirements as follows:

- The budget allocation on water projects for the 2013/14 budget amount to R58.6 million, which represent 26.3% of the total capital budget.
- The budget allocation on Roads and storm-water projects for the 2013/14 budget amount to R57.6 million, which represent 25.8% of the total capital budget.
- The budget allocation on sanitation projects for the 2013/14 budget amount to R30.5 million, which represent 13.7% of the total capital budget.
- The budget allocation on electricity projects for the 2013/14 budget amount to R14 million, which represent 1.3% of the total capital budget.
- The budget allocation on solid waste management projects for the 2013/14 budget amount to R10.5 million, which represent 4.7% of the total capital budget.
- The budget allocation on community facilities projects for the 2013/14 budget amount to R62.3 million, which represent 27.9 % of the total capital budget.

### **PROPOSED TARRIFS**

The proposed tariff increases for the 2013/14 MTREF, for property rates, electricity, water, sanitation and for waste removal are shown in Table 9 below. The municipalities has not finalise the process of reviewing the level and structure of our water and sanitation and solid waste tariffs with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost reflective, taking into account the bulk Cost of water, the cost of maintenance and renewal of purification and or treatment plants and
- The tariffs for solid waste management to maintain a cash backed reserve to cover the future costs of rehabilitating land fill sites. At present solid waste management is running at deficit.

#### **Proposed Tariff Increase Percentage**

Description	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
Property rates	0%	0%	5.6%	5.4%	5.4%
Electricity	16.5%	16.5%	8%	8%	8%
Water	20%	20%	18%	18%	18%
Sewerage	7%	7%	18%	18%	18%
Refuse Removal	20%	20%	5.6%	5.4%	5.4%
Surcharges	5%	5%	5.6%	5.4%	5.4%
Other services	7%	7%	5.6%	5.4%	5.4%



### 3. COUNCIL RESOLUTIONS (ITEM A.0335 ) 22 MARCH 2013

#### RESOLVED

1. That cognizance be taken of the content of the report.
2. That the final budget proposals by the Executive Mayor for the financial year 2013/2014 as contained in the Medium Term Revenue and Expenditure Forecasts for the financial years 2013/2014 to 2015/2016 be approved as a draft.
3. That Council's Medium Term Revenue and Expenditure Forecasts for the financial years 2013/2014 to 2015/2016, be adopted as a draft and be submitted to the National – and Provincial Treasuries.
4. That Council takes note that for the 2014/2015 financial year the income and expenditure budget has a surplus of R32 547.
5. That the proposed tariffs increase as indicated on Table be approved.
6. That capital expenditure to be financed from grants and other external mechanisms takes place after the funds have been secured and confirmed in writing and/or received. The proposed capital budget should entirely be based on the IDP priorities in order to achieve National targets on service provision.
7. That the following budget related policies be approved with the budget
  - 7.1 Budget & Virement Policy
  - 7.2 Property Rates Policy & Bylaw
  - 7.3 Tariff Setting Policy
  - 7.4 Donations Sponsorships and Gifts Policy
  - 7.5 Revised Cash Management and Investment Policy
  - 7.6 Revised Indigent Household Subsidy Policy
  - 7.7 Draft Supply Chain Management Policy
  - 7.8 Draft Asset Management Policy
  - 7.9 Revised Credit Control and Debt Collection Policy & Bylaw
  - 7.10 Draft Customer Care Policy
  - 7.11 Other Policies for controlling Expenses
    - ❖ Draft Overtime Policy (new)
    - ❖ Draft Stay and Travel Policy(new)
    - ❖ Draft Payroll Policy (new)
    - ❖ Draft Petty Cash Policy
    - ❖ Draft Cellular Phone and Data Contract Policy (new)
    - ❖ Draft Leave Policy (New)
8. The schedule of tariffs hereto presented as the supporting documents of budget be approved and be implemented as from 01 July 2013.
9. That the Budget and Treasury Office make a presentation on the Budgets to all Councillors.

#### APPROVED

SPEAKER: CLR PB MAKHONGELA

#### 4. EXECUTIVE SUMMARY

The total revenue budget including operating and capital transfers amount to R1.4 billion for 2013/14, R1.5 billion for 2014/15 and R1.7 billion for 2015/16. The total revenue budget has decreased by R26.9 million from the 2012/13 Approved budget and by R28.2 million from the 2012/13 Adjustment budget.

The total Expenditure budget amount to R1.4 billion for 2013/14 MTREF and R1.5 billion for 2014/15 and R1.6 billion for 2015/16. The total expenditure budget has decreased by R26.8 million from the 2012/13 approved budget and by R28.1 million from the 2012/13 Adjustment budget. Table 1 provide executive summary on both revenue budget and expenditure budget.

**Tabled 1: Summary of Projected Revenues and Expenditure**

DESCRIPTION	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Internal Operating Revenue	891 412 700	892 329 500	881 919 223	934 758 755	977 228 938
Grants and Subsidies	500 343 000	499 724 000	547 016 000	639 470 000	758 650 000
Reserves, unspent grant		69 336 169			
<b>Total Revenue Budget</b>	<b>1 391 755 700</b>	<b>1 461 389 669</b>	<b>1 428 935 223</b>	<b>1 574 228 755</b>	<b>1 735 878 938</b>
Operating Budget	1 181 179 700	1 182 096 500	1 206 946 676	1 322 841 281	1 455 840 694
Capital Budget	210 500 000	279 217 169	221 956 000	251 378 000	279 911 000
<b>Total Expenditure Budget</b>	<b>1 391 679 700</b>	<b>1 461 313 669</b>	<b>1 428 902 676</b>	<b>1 574 219 281</b>	<b>1 735 751 694</b>
<b>Surplus/Deficit</b>	<b>76 000</b>	<b>76 000</b>	<b>32 547</b>	<b>9 474</b>	<b>127 244</b>

#### 5. OPERATING REVENUE FRAMEWORK

The total revenue budget over the medium term is R3.9 billion, constituted by R1.2 billion for 2013/14, R1.3 billion for 2014/15 and R1.4 billion for 2015/16. Total revenue increased by 2% against the 2012/13 adjustment budget or by R24.8 million and by 2% against the 2012/13 approved budget or by R25.7 million. (See Table 2 below).

**Table 2: Operating Revenues**

Revenue Source	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Property Rates	217 000 000	217 000 000	311 830 764	328 669 625	346 417 785
Service Charges:					
Electricity	373 000 000	373 000 000	368 677 175	398 171 349	430 025 057
Water	115 100 000	115 100 000	81 503 106	85 904 274	90 543 105
Sewerage	43 000 000	43 000 000	23 544 539	24 815 944	26 156 005
Refuse Removal	25 000 000	25 000 000	21 771 956	22 947 642	24 186 815
Surcharge	36 000 000	36 000 000			
Other Income	111 292 700	111 129 000	135 191 665	136 152 322	125 253 062
Less : Revenue Foregone	-28 980 000	- 28 980 000	-60 600 000	-61 902 400	-65 352 880
<b>Total Internal Operating Revenue</b>	<b>891 412 700</b>	<b>892 329 500</b>	<b>881 919 205</b>	<b>934 758 756</b>	<b>977 228 949</b>
Grants and Subsidies	289 843 000	289 843 000	325 060 000	388 092 000	478 739 000
<b>Total Operating Revenue</b>	<b>1 181 255 700</b>	<b>1 182 172 500</b>	<b>1 206 979 205</b>	<b>1 322 850 756</b>	<b>1 455 967 949</b>

The internal operating revenue for the 2013/14 financial year amount to R881.8 million, which constitute 73% of the total operating revenue budget of R1.2 billion, while operating grants and subsidies amount to R325 million, which constitutes 27% of the total operating revenue budget.

- Property rates has increased by R 94.8 million from R217 million to R 311.8million in 2013/14.
- Electricity has decreased by R4.3 million from R373 million to R368.6 million in 2013/14.
- Sanitation has decreased by R 19.4 million from R43 million to R 23.5 million in 2013/14.
- Refuse removal has decreased by R3.2 million from R25 million to R21.7 million in 2013/14.
- Surcharges is not budgeted over the medium term revenue and expenditure frame-work. However efforts are made to ensure that the municipality generates revenue on the item.
- Electricity and Property rates constitutes the biggest component of the internal operating revenue budget over the medium term revenue and expenditure frame-work. Table 3 further indicates the percentage per service as far as the internal operating revenue is concerned.
- Other income includes amongst others: interest on outstanding consumer accounts, interest on investment, rental of facilities, fines, licenses and permits, agency fees, town planning fees, building plans, cemeteries etc.

**Table 3: Percentages per Services**

Revenue Source	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R'000	R'000	R'000	R'000	R'000
Property Rates	24.34%	24.32%	25.84%	24.85%	23.79%
Service Charges:					
Electricity	41.84%	41.80%	30.55%	30.10%	29.54%
Water	12.91%	12.90%	6.75%	6.49%	6.22%
Sewerage	4.82%	4.82%	1.95%	1.88%	1.80%
Refuse Removal	2.80%	2.80%	1.80%	1.73%	1.66%
Surcharge	4.04%	4.03%	11.20%	10.29%	8.60%
Other Income	9.23%	9.33%	-5.02%	-4.68%	-4.49%
<b>Total Internal Operating Revenue</b>	<b>75.46%</b>	<b>75.48%</b>	<b>73.07%</b>	<b>70.66%</b>	<b>67.12%</b>
Grants and Subsidies	24.54%	24.52%	26.93%	29.34%	32.88%
<b>Total Operating Revenue</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## PROPOSED TARRIFS

The proposed tariff increases for the 2013/14 MTREF, for property rates, electricity, water, sanitation and for waste removal are shown in Table 9 below. The municipalities has not finalise the process of reviewing the level and structure of our water and sanitation and solid waste tariffs with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost reflective, taking into account the bulk Cost of water, the cost of maintenance and renewal of purification and or treatment plants and
- The tariffs for solid waste management to maintain a cash backed reserve to cover the future costs of rehabilitating land fill sites. At present solid waste management is running at deficit.

**Table 9: Proposed Tariff Increase Percentage**

Description	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
Property rates	0%	0%	5.6%	5.4%	5.4%
Electricity	16.5%	16.5%	8%	8%	8%
Water	20%	20%	18%	18%	18%
Sewerage	7%	7%	18%	18%	18%
Refuse Removal	20%	20%	5.6%	5.4%	5.4%
Surcharges	5%	5%	5.6%	5.4%	5.4%
Other services	7%	7%	5.6%	5.4%	5.4%

**TRANSFERS AND GRANTS RECEIPTS**

Table 4 gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4: National and Provincial Allocations**

Description	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
<b>Operating Grants</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Equitable share	273 733 000	273 733 000	308 470 000	369 058 000	462 097 000
Financial Management Grant	1 500 000	1 500 000	1 550 000	1 600 000	1 650 000
Municipal System Improvement Grant	800 000	800 000	890 000	934 000	967 000
PMU Grant Operational(MIG)	3 500 000	3 500 000	3 500 000	3 500 000	3 500 000
DWA Operating and Maintenance	7 910 000	7 910 000	8 650 000	11 000 000	8 525 000
HRSETA	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000
Library NWPG	400 000	400 000			
<b>Total Operating Grants and Subsidies</b>	<b>289 843 000</b>	<b>289 843 000</b>	<b>325 060 000</b>	<b>388 092 000</b>	<b>478 739 000</b>
<b>Capital Grants</b>					
Municipal Infrastructure Grant	198 870 000	198 870 000	216 956 000	241 378 000	259 911 000
Expanded Public Works Programme	1 411 000	218 000	2 573 000		
Integrated National Electrification Programme	4 600 000	4 600 000	3 014 000	10 000 000	20 000 000
Reserves/unspent grant		69 336 169			
<b>Total Capital Grants and Subsidies</b>	<b>204 881 000</b>	<b>273 024 169</b>	<b>222 543 000</b>	<b>251 378 000</b>	<b>259 911 000</b>
<b>Total Grants and Subsidies</b>	<b>494 724 000</b>	<b>562 867 169</b>	<b>547 603 000</b>	<b>639 470 000</b>	<b>738 650 000</b>

**6 . OPERATING EXPENDITURE FRAMEWORK**

Severe constraints were placed on the development of the Operating Budget; however Council was conscious to keeping increases in expenditure, in line with the macro limits imposed by National Treasury. Furthermore, the Council will as required by the Municipal Financial Management Act to produce credible and balance budget. The following funding choices were considered when prioritising the activities to be funded:

- ❖ Ensuring that drinking water and waste water management meets the required quality standards at all times;

- ❖ Protecting the poor by ensuring that the tariffs were affordable and the council should consider rebates on property rates to be levied.
- ❖ Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- ❖ Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- ❖ Expediting spending on capital projects that are funded by conditional grants;
- ❖ Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme

The operating expenditure budget for the medium term equates to R3.9 billion, constituted by R1.2 billion for 2013/14, R1.3 billion for 2014/15 and R1.4 billion for 2015/16. Total operating expenditure has increased by 2% against the 2012/13 Adjustments Budget, or by R24.8 million and by 2% against the 2012/13 approved budget, or 25.7 million. (See Table 5).

**Table 5: Operating Expenditure**

Expenditure Items	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Employee Related Expenses	225 203 700	233 589 179	258 043 570	279 883 696	312 880 986
Remuneration of Councillors	24 400 000	26 200 000	24 497 975	25 747 371	27 008 993
Bad Debts Provision	190 000 000	190 000 000	155 400 000	165 400 000	175 400 000
Depreciation	40 395 500	40 395 500	40 400 000	50 000 000	60 000 000
Repair & Maintenance	44 855 500	44 049 484	36 215 000	53 137 695	74 964 481
Interest : External Borrowing	38 000 000	24 238 059	20 000 000	30 000 000	40 000 000
Bulk Purchases	400 054 000	370 054 000	406 104 650	443 654 024	482 831 302
Contracted Services	82 380 000	101 380 000	118 850 000	113 204 400	103 755 924
Assistance to Indigents	15 000 000	15 000 000	16 000 000	19 816 000	25 512 495
General Expenses	120 891 000	137 190 281	96 835 464	107 798 096	119 886 526
<b>Total Operating Expenditure</b>	<b>1 181 179 700</b>	<b>1 182 096 500</b>	<b>1 206 946 658</b>	<b>1 322 841 281</b>	<b>1 455 840 706</b>

#### **Provision for doubtful debts**

The budgeted amount on provision for doubtful debts takes into account the collection rate of 74.58% on service charges for the past eight months.

#### **Repairs and maintenance**

Repairs and maintenance budget has drop by R7.8 million from the 2012/13 adjustment budget.

#### **Bulk-purchases**

The budget takes into account the Eskom tariff increase, Rand-water tariff increase, Eskom tariff increase. The budget has increase by R36 million from the 2012/13 Adjustment budget.

#### **Contracted Service**

The budget has increased by 17.4 million from the 2012/13 Adjustment budget.

#### **Depreciation**

There are no major changes on the 2012/13 Adjustment budget and the 2013/14 proposed budget.

#### **Public Investment Corporation (PIC) loan**

The municipality is still negotiating with PIC and once the matter has been finalised the proper allocation will be made if need be.

## 7. CAPITAL EXPENDITURE

The proposed capital budget for 2013/14 is R222.5 million whilst those for 2014/15 and 2015/16 are R226.6 million and R216.9 million respectively. The Capital budget has decreased by R52.6 million from the 2012/13.

**Table 6: Capital Budget**

Description	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Municipal Infrastructure Grant	196 400 000	196 400 000	216 956 000	241 378 000	259 911 000
Municipal Infrastructure Grant(unspent)		45 776 510			
Expanded Public Works Programme	4 000 000	1 411 000	2 000 000		
Expanded Public Works Programme(unspent)		2 589 000			
Integrated National Electrification Programme	4 600 000	4 600 000	3 014 000	10 000 000	20 000 000
Provincial Grant(unspent)		2 800 000			
Internal Funding	5 500 000	25 640 659			
<b>Total Capital Grants and Subsidies</b>	<b>210 500 000</b>	<b>279 217 169</b>	<b>221 970 000</b>	<b>251 378 000</b>	<b>279 911 000</b>

The MTREF allocates funds to different capital needs in line with the IDP priorities and government funding requirements as follows:

**Table 7: Capital Expenditure per Category**

Description	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Water Reticulation and Sanitation	80 500 000	124 621 382	58 606 000	82 178 000	98 411 000
Road and Storm Water	74 500 000	77 234 803	57 050 000	88 500 000	89 500 000
Car parks, Bus and Taxi Ranks		1 203 518			12 000 000
Electricity Reticulation and Public Lighting	7 600 000	18 840 659	3 014 000	14 000 000	35 000 000
Sewerage Purification and Reticulation	29 500 000	26 502 573	30 500 000	45 000 000	45 000 000
Refuse Sites	18 400 000	6 809 760	10 500 000	14 000 000	
Community Facilities and Cemeteries		16 991 595	62 300 000	7 700 000	
Local Economic Projects		4 112 879			
Office Equipment, Furniture, Vehicle etc		2 900 000			
<b>Total Capital Budget</b>	<b>210 500 000</b>	<b>279 217 169</b>	<b>221 970 000</b>	<b>251 378 000</b>	<b>279 911 000</b>

- The budget allocation on water projects for the 2013/14 budget amount to R58.6 million, which represent 26.3% of the total capital budget.
- The budget allocation on Roads and storm-water projects for the 2013/14 budget amount to R57.6 million, which represent 25.8% of the total capital budget.
- The budget allocation on sanitation projects for the 2013/14 budget amount to R30.5 million, which represent 13.7% of the total capital budget.
- The budget allocation on electricity projects for the 2013/14 budget amount to R14 million, which represent 1.3% of the total capital budget.
- The budget allocation on solid waste management projects for the 2013/14 budget amount to R10.5 million, which represent 4.7% of the total capital budget.
- The budget allocation on community facilities projects for the 2013/14 budget amount to R62.3 million, which represent 27.9 % of the total capital budget.

## 8. ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The budget schedule contains the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page. Budget schedules are attached as “Annexure ”

**(Table A1) - Budget Summary**

Description R thousands	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Financial Performance</b>										
Property rates	129 035	138 402	162 537	188 020	188 020	188 020	115 876	251 231	266 767	281 065
Service charges	320 734	348 285	438 283	608 960	609 341	609 341	317 796	508 798	546 165	586 342
Investment revenue	7 211	10 548	10 739	7 140	7 140	7 140	4 359	10 304	10 839	11 355
Transfers recognised - operational	278 760	284 568	458 755	289 843	289 843	289 843	144 543	325 060	388 092	478 739
Other own revenue	61 798	66 010	77 482	87 293	87 829	87 829	54 206	111 587	110 988	98 467
<b>Total Revenue (excluding capital transfers and contributions)</b>	797 538	847 814	1 147 795	1 181 256	1 182 173	1 182 173	636 779	1 206 979	1 322 851	1 455 968
Employee costs	199 596	197 094	230 634	225 204	233 589	233 589	167 362	298 901	319 934	353 280
Remuneration of councillors	14 470	15 365	19 769	24 400	26 239	26 239	15 486	24 498	25 747	27 009
Depreciation & asset impairment	39 461	37 843	37 825	40 396	40 396	40 396	21 796	40 400	50 000	60 000
Finance charges	55 877	74 583	73 814	38 000	23 600	23 600	516	13 743	24 550	34 201
Materials and bulk purchases	208 125	305 322	336 390	446 310	411 527	411 527	260 044	442 320	496 792	557 796
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	241 522	256 615	271 036	406 871	446 746	446 746	113 251	387 085	405 818	423 555
<b>Total Expenditure</b>	759 052	886 821	969 469	1 181 180	1 182 097	1 182 097	578 454	1 206 947	1 322 841	1 455 841
<b>Surplus/(Deficit)</b>	38 487	(39 007)	178 326	76	76	76	58 325	33	9	127
Transfers recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	38 487	(39 007)	178 326	76	76	76	58 325	33	9	127
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	38 487	(39 007)	178 326	76	76	76	58 325	33	9	127
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
Transfers recognised - capital	916	10 558	25 651	210 500	279 217	279 217	124 603	221 956	251 378	279 911
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	89 750	40 458	206 296	–	–	–	–	–	–	–
<b>Total sources of capital funds</b>	90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
<b>Financial position</b>										
Total current assets	267 315	396 746	358 306	462 533	359 607	359 607	–	354 615	355 469	356 169

Description R thousands	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total non current assets	1 499 606	1 546 711	1 724 285	1 646 408	1 636 488	1 636 488	–	1 827 719	1 868 946	1 914 769
Total current liabilities	259 399	420 853	327 372	67 000	324 485	324 485	–	227 550	226 130	225 130
Total non current liabilities	543 995	588 039	642 328	541 000	642 328	642 328	–	645 000	651 600	574 690
Community wealth/Equity	963 526	934 564	1 112 891	1 500 941	1 029 282	1 029 282	–	1 309 784	1 346 685	1 471 118
<b>Cash flows</b>										
Net cash from (used) operating	78 869	152 670	87 191	66 659	66 649	66 649	–	153 726	218 252	330 102
Net cash from (used) investing	(93 737)	(144 300)	(173 340)	25 000	25 000	25 000	–	(158 090)	(189 052)	(222 411)
Net cash from (used) financing	60 461	12 656	46 792	(48 500)	(48 500)	(48 500)	–	(22 710)	(34 011)	(44 162)
Cash/cash equivalents at the year end	57 699	78 725	39 369	53 159	53 149	53 149	–	26 085	21 274	84 803
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	106 433	216 475	123 969	277 941	150 156	150 156	–	113 315	123 832	133 932
Application of cash and investments	(115 315)	292 844	164 947	(154 134)	81 586	81 586	–	9 388	(2 160)	(12 646)
<b>Balance - surplus (shortfall)</b>	221 748	(76 369)	(40 978)	432 075	68 570	68 570	–	103 927	125 992	146 578
<b>Asset management</b>										
Asset register summary (WDV)	1 438 586	1 500 595	1 689 329	1 608 000	1 598 080	1 598 080	1 792 000	1 792 000	1 832 500	1 878 000
Depreciation & asset impairment	39 461	37 843	37 825	40 396	40 396	40 396	40 400	40 400	50 000	60 000
Renewal of Existing Assets	–	–	–	–	2 100	2 100	2 100	–	–	12 000
Repairs and Maintenance	21 432	12 243	16 595	46 256	47 299	47 299	36 215	36 215	53 138	74 964
<b>Free services</b>										
Cost of Free Basic Services provided	10 407	9 154	10 254	10 635	1 022	1 022	1 022	1 022	1 022	1 022
Revenue cost of free services provided	10 407	32 774	38 874	40 335	40 335	40 335	40 335	40 335	40 335	40 335
<b>Households below minimum service level</b>										
Water:	18	18	25	30	30	30	30	30	30	30
Sanitation/sewerage:	40	40	47	50	50	50	50	50	50	50
Energy:	24	27	39	45	45	45	45	45	45	45
Refuse:	–	29	29	29	29	29	29	29	29	29

1. Table A1 is a budget summary and provides a concise overview of Madibeng Local Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial



Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected in the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing in the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing in the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations were not cash-backed. This has placed the municipality in a very vulnerable financial position. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**(Table A2) - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Description R thousands	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		430 676	457 680	470 746	569 253	569 255	569 255	666 447	741 335	835 414
Executive and council		-	-	-	3 500	3 500	3 500	3 500	3 500	3 500
Budget and treasury office		412 331	457 482	469 697	563 701	563 703	563 703	660 910	735 795	829 872
Corporate services		18 345	198	1 048	2 052	2 052	2 052	2 038	2 040	2 042
<i>Community and public safety</i>		31 059	14 818	20 127	10 759	10 761	10 761	12 589	13 269	13 985
Community and social services		2 080	1 748	4 188	1 757	1 757	1 757	1 250	1 317	1 388
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		18 837	13 069	15 939	9 002	9 004	9 004	11 339	11 952	12 597
Housing		10 051	-	-	-	-	-	-	-	-
Health		91	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6 248	7 940	73 299	1 572	1 702	1 702	1 576	1 681	1 794
Planning and development		1 832	2 054	1 841	1 572	1 678	1 678	1 576	1 681	1 794
Road transport		3 990	5 886	71 458	-	24	24	-	-	-
Environmental protection		426	-	-	-	-	-	-	-	-
<i>Trading services</i>		329 393	367 373	583 621	599 669	600 455	600 455	526 367	566 565	604 775

Description R thousands	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Electricity		226 153	264 831	343 077	399 797	400 234	400 234	382 800	413 363	446 369
Water		50 296	48 324	168 102	125 791	125 841	125 841	93 090	99 999	102 330
Waste water management		25 309	27 201	35 711	43 071	43 071	43 071	21 790	22 967	24 207
Waste management		27 635	27 017	36 731	31 010	31 310	31 310	28 687	30 236	31 869
<i>Other</i>	4	163	4	2	3	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	<b>797 538</b>	<b>847 814</b>	<b>1 147 795</b>	<b>1 181 256</b>	<b>1 182 173</b>	<b>1 182 173</b>	<b>1 206 979</b>	<b>1 322 851</b>	<b>1 455 968</b>
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		<b>385 740</b>	<b>378 232</b>	<b>367 546</b>	<b>449 540</b>	<b>445 866</b>	<b>445 866</b>	<b>427 266</b>	<b>467 099</b>	<b>524 474</b>
Executive and council		58 314	47 605	53 527	65 840	70 860	70 860	73 587	80 987	93 103
Budget and treasury office		264 313	287 466	279 289	317 605	309 132	309 132	290 563	313 915	347 147
Corporate services		63 113	43 161	34 729	66 095	65 874	65 874	63 116	72 197	84 225
<i>Community and public safety</i>		<b>80 164</b>	<b>90 143</b>	<b>97 873</b>	<b>96 614</b>	<b>106 040</b>	<b>106 040</b>	<b>109 555</b>	<b>121 353</b>	<b>134 114</b>
Community and social services		26 748	34 750	36 915	40 389	41 012	41 012	42 673	47 879	53 637
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		30 736	44 182	49 819	45 142	54 550	54 550	56 625	60 680	66 042
Housing		16 924	5 379	5 280	4 192	3 231	3 231	3 266	5 440	5 615
Health		5 755	5 832	5 859	6 890	7 246	7 246	6 991	7 354	8 821
<i>Economic and environmental services</i>		<b>50 866</b>	<b>47 594</b>	<b>56 204</b>	<b>63 983</b>	<b>65 275</b>	<b>65 275</b>	<b>68 896</b>	<b>81 147</b>	<b>97 529</b>
Planning and development		17 296	15 428	19 928	20 049	21 926	21 926	26 816	27 135	28 947
Road transport		31 637	30 644	34 712	42 388	41 773	41 773	40 468	52 318	65 804
Environmental protection		1 932	1 522	1 564	1 546	1 576	1 576	1 612	1 694	2 777
<i>Trading services</i>		<b>233 496</b>	<b>367 542</b>	<b>444 664</b>	<b>565 625</b>	<b>559 649</b>	<b>559 649</b>	<b>597 218</b>	<b>648 021</b>	<b>694 289</b>
Electricity		140 720	266 900	310 096	339 010	343 407	343 407	397 230	430 560	468 222
Water		44 500	54 725	86 587	166 878	148 215	148 215	141 270	152 362	155 717
Waste water management		17 676	12 126	12 248	26 089	22 988	22 988	10 175	13 119	15 202
Waste management		30 600	33 790	35 733	33 647	45 039	45 039	48 543	51 980	55 148
<i>Other</i>	4	8 787	3 311	3 182	5 419	5 266	5 266	4 011	5 221	5 434
<b>Total Expenditure - Standard</b>	3	<b>759 052</b>	<b>886 821</b>	<b>969 469</b>	<b>1 181 180</b>	<b>1 182 097</b>	<b>1 182 097</b>	<b>1 206 947</b>	<b>1 322 841</b>	<b>1 455 841</b>
<b>Surplus/(Deficit) for the year</b>		<b>38 487</b>	<b>(39 007)</b>	<b>178 326</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>33</b>	<b>9</b>	<b>127</b>

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue in this table excludes capital revenues and therefore will not balance to the operating revenue which includes capital transfers shown in Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case, because the equitable share is not included in the revenue of the services. As already noted above, the tariffs of Madibeng Local Municipality is not cost reflective.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury office.

**(Table A3) - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description  R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue by Vote</b>	<b>1</b>									
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		18 345	198	1 048	2 052	2 052	2 052	2 038	2 040	2 042
Vote 05 - Budget And Treasury Office		412 331	457 482	470 893	563 701	563 703	563 703	660 910	735 795	829 872
Vote 06 - Infrastructure And Technical Services		309 245	346 327	620 460	573 260	573 771	573 771	502 050	540 746	577 372
Vote 07 - Community Services		26 734	28 680	37 927	31 668	31 966	31 966	29 067	30 637	32 291
Vote 08 - Human Settlement		10 067	618	10	60	60	60	-	-	-
Vote 09 - Economic Dev,tourism & Agric		1 978	1 440	1 833	1 512	1 618	1 618	1 576	1 681	1 794
Vote 10 - Public Safety		18 837	13 069	15 623	9 002	9 004	9 004	11 339	11 952	12 597
<b>Total Revenue by Vote</b>	<b>2</b>	<b>797 538</b>	<b>847 814</b>	<b>1 147 795</b>	<b>1 181 256</b>	<b>1 182 173</b>	<b>1 182 173</b>	<b>1 206 979</b>	<b>1 322 851</b>	<b>1 455 968</b>
<b>Expenditure by Vote to be appropriated</b>	<b>1</b>									
Vote 01 - Executive Council		21 724	21 985	28 603	30 880	34 304	34 304	31 993	33 637	35 291
Vote 02 - Municipal Manager		4 160	4 314	6 798	9 711	8 532	8 532	8 383	8 876	10 137
Vote 03 - Chief Operating Officer		30 266	18 601	13 426	19 976	21 164	21 164	29 758	34 844	43 867
Vote 04 - Corporate And Support Services		63 112	43 160	34 728	66 095	65 874	65 874	63 116	72 197	84 225
Vote 05 - Budget And Treasury Office		264 313	300 637	281 180	317 605	309 132	309 132	290 563	313 915	347 147
Vote 06 - Infrastructure And Technical Services		241 766	371 472	462 172	596 277	580 452	580 452	611 230	674 606	732 932
Vote 07 - Community Services		54 989	60 922	63 601	67 274	79 094	79 094	82 028	87 180	97 145
Vote 08 - Human Settlement		12 386	10 675	13 929	13 117	11 011	11 011	11 742	13 948	14 960
Vote 09 - Economic Dev,tourism & Agric		20 628	12 940	14 461	15 104	17 982	17 982	21 509	22 957	24 096
Vote 10 - Public Safety		45 707	42 114	50 570	45 142	54 550	54 550	56 625	60 680	66 042
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>759 052</b>	<b>886 821</b>	<b>969 469</b>	<b>1 181 180</b>	<b>1 182 097</b>	<b>1 182 097</b>	<b>1 206 947</b>	<b>1 322 841</b>	<b>1 455 841</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>38 487</b>	<b>(39 007)</b>	<b>178 326</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>33</b>	<b>9</b>	<b>127</b>

**(Table A4) - Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	129 035	138 402	162 537	188 020	188 020	188 020	115 876	251 231	266 767	281 065
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	226 153	257 246	317 493	388 690	388 690	388 690	236 758	380 477	410 916	443 789
Service charges - water revenue	2	50 296	42 664	60 342	116 220	116 220	116 220	52 045	82 707	87 174	91 881
Service charges - sanitation revenue	2	21 567	24 828	26 094	43 050	43 050	43 050	13 749	21 778	22 954	24 194
Service charges - refuse revenue	2	22 718	23 547	34 354	25 000	25 300	25 300	15 047	23 835	25 122	26 478
Service charges - other		-	-	-	36 000	36 081	36 081	197	-	-	-
Rental of facilities and equipment		920	894	660	822	822	822	355	566	617	672
Interest earned - external investments		7 211	10 548	10 739	7 140	7 140	7 140	4 359	10 304	10 839	11 355
Interest earned - outstanding debtors		33 795	36 722	43 273	50 000	50 000	50 000	35 458	50 000	48 000	40 000
Dividends received		10	7	-	10	-	-	-	-	-	-
Fines		793	1 564	453	2 505	2 505	2 505	518	525	553	583
Licences and permits		3 868	4 120	5 273	3 502	3 502	3 502	3 045	4 823	5 083	5 358
Agency services		7 407	8 182	8 755	3 000	3 000	3 000	1 280	6 000	6 324	6 665
Transfers recognised - operational		278 760	284 568	458 755	289 843	289 843	289 843	144 543	325 060	388 092	478 739
Other revenue	2	15 004	14 521	19 068	22 454	23 000	23 000	13 550	49 673	50 411	45 189
Gains on disposal of PPE		-	-	-	5 000	5 000	5 000	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>797 538</b>	<b>847 814</b>	<b>1 147 795</b>	<b>1 181 256</b>	<b>1 182 173</b>	<b>1 182 173</b>	<b>636 779</b>	<b>1 206 979</b>	<b>1 322 851</b>	<b>1 455 968</b>
<b>Expenditure By Type</b>											
Employee related costs	2	199 596	197 094	230 634	225 204	233 589	233 589	167 362	298 901	319 934	353 280
Remuneration of councillors		14 470	15 365	19 769	24 400	26 239	26 239	15 486	24 498	25 747	27 009
Debt impairment	3	91 403	112 964	140 448	190 000	190 000	190 000	89	155 000	165 000	175 000
Depreciation & asset impairment	2	39 461	37 843	37 825	40 396	40 396	40 396	21 796	40 400	50 000	60 000
Finance charges		55 877	74 583	73 814	38 000	23 600	23 600	516	13 743	24 550	34 201
Bulk purchases	2	182 671	287 304	317 871	400 054	364 228	364 228	243 155	406 105	443 654	482 831
Other materials	8	25 454	18 018	18 519	46 256	47 299	47 299	16 890	36 215	53 138	74 964
Contracted services		54 701	50 598	41 729	83 410	101 230	101 230	48 168	118 850	113 204	103 756
Transfers and grants											
Other expenditure	4, 5	95 418	93 053	88 859	133 461	155 516	155 516	64 993	113 235	127 614	144 799
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>759 052</b>	<b>886 821</b>	<b>969 469</b>	<b>1 181 180</b>	<b>1 182 097</b>	<b>1 182 097</b>	<b>578 454</b>	<b>1 206 947</b>	<b>1 322 841</b>	<b>1 455 841</b>
<b>Surplus/(Deficit)</b>		<b>38 487</b>	<b>(39 007)</b>	<b>178 326</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>58 325</b>	<b>33</b>	<b>9</b>	<b>127</b>
Transfers recognised - capital											
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
		38 487	(39 007)	178 326	76	76	76	58 325	33	9	127
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>											
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>38 487</b>	<b>(39 007)</b>	<b>178 326</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>58 325</b>	<b>33</b>	<b>9</b>	<b>127</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>38 487</b>	<b>(39 007)</b>	<b>178 326</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>58 325</b>	<b>33</b>	<b>9</b>	<b>127</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>38 487</b>	<b>(39 007)</b>	<b>178 326</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>58 325</b>	<b>33</b>	<b>9</b>	<b>127</b>

1. Revenue to be generated from property rates is R251.2m in the 2013/14 financial year and increases to R266.7m by 2014/15 and increase to R281.0m by 2015/16. Tariff increases have been factored in at 5.6%, 5.4% and 5.4% for each of the respective financial years of the MTREF.
2. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue base of the Madibeng Local Municipality totalling R508.7m for the 2013/14 financial year and increasing to R546.1m by 2014/15. This growth can mainly be attributed to the increase in tariffs in order to move to cost reflective tariffs.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing steadily over the MTREF.
4. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**(Table A5) - Budgeted Capital Expenditure by vote, standard classification and funding sourceh**

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev, tourism & Agric		-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 01 - Executive Council		2	-	-	-	82	82	44	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		3	701	484	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		448	14	958	-	1 022	1 022	784	-	-	-
Vote 06 - Infrastructure And Technical Services		82 982	47 265	219 202	192 100	257 009	257 009	118 142	159 656	243 678	279 911
Vote 07 - Community Services		7 232	2 167	9 511	18 400	11 010	11 010	2 632	62 300	7 700	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev, tourism & Agric		-	16	391	-	4 113	4 113	1 548	-	-	-
Vote 10 - Public Safety		-	852	1 401	-	5 982	5 982	1 452	-	-	-
<b>Capital single-year expenditure sub-total</b>		90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
<b>Total Capital Expenditure - Vote</b>		90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		453	716	1 441	-	1 104	1 104	829	-	-	-
Executive and council		2	-	-	-	82	82	44	-	-	-
Budget and treasury office		448	14	958	-	1 022	1 022	784	-	-	-

Corporate services		3	701	484	–	–	–	–	–	–	–
<b>Community and public safety</b>		7 232	3 019	10 912	18 400	16 992	16 992	4 085	62 300	7 700	–
Community and social services		7 232	2 167	9 511	18 400	11 010	11 010	2 632	62 300	7 700	–
Sport and recreation											
Public safety		–	852	1 401	–	5 982	5 982	1 452	–	–	–
Housing											
Health		–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		26 925	5 958	78 981	74 500	67 310	67 310	34 688	57 050	88 500	101 500
Planning and development		–	16	391	–	4 113	4 113	1 548	–	–	–
Road transport		26 925	5 942	78 589	74 500	63 197	63 197	33 140	57 050	88 500	101 500
Environmental protection		–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		56 057	41 211	140 551	117 600	193 812	193 812	85 002	102 606	155 178	178 411
Electricity		4 877	10 770	15 381	7 600	15 200	15 200	7 339	3 000	14 000	35 000
Water		49 457	13 106	98 243	80 500	138 717	138 717	68 657	58 606	82 178	98 411
Waste water management		196	11 464	16 662	19 500	33 085	33 085	8 913	30 500	45 000	45 000
Waste management		1 527	5 872	10 265	10 000	6 810	6 810	92	10 500	14 000	–
<b>Other</b>		–	112	61	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Standard</b>	3	90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
<b>Funded by:</b>											
National Government		916	10 558	25 651	210 500	278 217	278 217	124 603	221 956	251 378	279 911
Provincial Government						1 000	1 000				
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	916	10 558	25 651	210 500	279 217	279 217	124 603	221 956	251 378	279 911
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		89 750	40 458	206 296							
<b>Total Capital Funding</b>	7	90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R221.9m has been allocated. The allocation for the two outer years are R251.3m in 2014/15 and then flattens out to R279.9m in 2015/16 owing primarily to the fact that various projects reach completion in.

**(Table A6) - Budgeted Financial Position**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		58 268	78 725	39 369	50 000	50 000	50 000	–	40 000	45 000	50 000
Call investment deposits	1	–	103 830	61 748	189 533	61 748	61 748	–	50 000	55 000	60 000
Consumer debtors	1	198 532	210 455	250 460	210 000	234 859	234 859	–	250 900	241 000	231 500
Other debtors		5 732	134	123	7 000	7 000	7 000	–	7 385	7 791	7 791
Current portion of long-term receivables		–	–	1 689	–	–	–	–	–	–	–
Inventory	2	4 783	3 603	4 917	6 000	6 000	6 000	–	6 330	6 678	6 878
<b>Total current assets</b>		267 315	396 746	358 306	462 533	359 607	359 607	–	354 615	355 469	356 169
<b>Non current assets</b>											
Long-term receivables		12 286	12 196	12 104	–	–	–	–	–	–	–

Investments		48 734	33 921	22 852	38 408	38 408	38 408	–	23 315	23 832	23 932
Investment property		–	90 759	91 249	–	–	–	–	92 000	92 500	93 000
Investment in Associate											
Property, plant and equipment	3	1 438 586	1 409 836	1 598 080	1 608 000	1 598 080	1 598 080	–	1 700 000	1 740 000	1 785 000
Agricultural											
Biological											
Intangible											
Other non-current assets		–	–	–	–	–	–	–	12 404	12 614	12 837
<b>Total non current assets</b>		<b>1 499 606</b>	<b>1 546 711</b>	<b>1 724 285</b>	<b>1 646 408</b>	<b>1 636 488</b>	<b>1 636 488</b>	<b>–</b>	<b>1 827 719</b>	<b>1 868 946</b>	<b>1 914 769</b>
<b>TOTAL ASSETS</b>		<b>1 766 921</b>	<b>1 943 457</b>	<b>2 082 591</b>	<b>2 108 941</b>	<b>1 996 094</b>	<b>1 996 094</b>	<b>–</b>	<b>2 182 334</b>	<b>2 224 415</b>	<b>2 270 938</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>	-										
Bank overdraft	1	569									
Borrowing	4	13 193	8 629	5 619	7 000	5 619	5 619	–	–	–	–
Consumer deposits		8 109	9 711	12 887	10 000	10 000	10 000	–	25 550	26 130	27 130
Trade and other payables	4	237 528	402 514	308 866	50 000	308 866	308 866	–	202 000	200 000	198 000
Provisions											
<b>Total current liabilities</b>		<b>259 399</b>	<b>420 853</b>	<b>327 372</b>	<b>67 000</b>	<b>324 485</b>	<b>324 485</b>	<b>–</b>	<b>227 550</b>	<b>226 130</b>	<b>225 130</b>
<b>Non current liabilities</b>											
Borrowing		473 189	490 722	540 885	541 000	540 885	540 885	–	545 000	550 000	555 000
Provisions		70 807	97 317	101 443	–	101 443	101 443	–	100 000	101 600	19 690
<b>Total non current liabilities</b>		<b>543 995</b>	<b>588 039</b>	<b>642 328</b>	<b>541 000</b>	<b>642 328</b>	<b>642 328</b>	<b>–</b>	<b>645 000</b>	<b>651 600</b>	<b>574 690</b>
<b>TOTAL LIABILITIES</b>		<b>803 395</b>	<b>1 008 893</b>	<b>969 700</b>	<b>608 000</b>	<b>966 813</b>	<b>966 813</b>	<b>–</b>	<b>872 550</b>	<b>877 730</b>	<b>799 820</b>
<b>NET ASSETS</b>	5	<b>963 526</b>	<b>934 564</b>	<b>1 112 891</b>	<b>1 500 941</b>	<b>1 029 282</b>	<b>1 029 282</b>	<b>–</b>	<b>1 309 784</b>	<b>1 346 685</b>	<b>1 471 118</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		963 526	934 564	1 112 891	620 941	1 029 282	1 029 282		1 309 784	1 346 685	1 471 118
Reserves	4	–	–	–	880 000	–	–	–	–	–	–
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>963 526</b>	<b>934 564</b>	<b>1 112 891</b>	<b>1 500 941</b>	<b>1 029 282</b>	<b>1 029 282</b>	<b>–</b>	<b>1 309 784</b>	<b>1 346 685</b>	<b>1 471 118</b>

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth or Equity. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, and appears first.
3. Table 23 provides a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators.

**(Table A7) - Budgeted Cash Flows**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Ratepayers and other		833 524	221 118	371 624	827 133	827 133	827 133	–	649 993	750 750	850 250
Government - operating	1	–	283 075	245 587	289 443	289 443	289 443	–	325 060	388 092	478 739
Government - capital	1								223 470	254 878	283 411
Interest		7 211	10 548	10 739	7 140	7 140	7 140		10 304	5 839	7 355
Dividends		10	7	–	10	–	–	–	–	–	–
Payments											
Suppliers and employees		(706 291)	(287 729)	(467 175)	(998 166)	(998 166)	(998 166)	–	(974 867)	(1 095 901)	(1 199 247)
Finance charges		(55 585)	(74 349)	(73 583)	(38 100)	(38 100)	(38 100)	–	(80 234)	(85 406)	(90 406)
Transfers and Grants	1	–	–	–	(20 800)	(20 800)	(20 800)	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>78 869</b>	<b>152 670</b>	<b>87 191</b>	<b>66 659</b>	<b>66 649</b>	<b>66 649</b>	<b>–</b>	<b>153 726</b>	<b>218 252</b>	<b>330 102</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE		(90 666)	(55 957)	(226 070)	5 000	5 000	5 000	–	5 280	5 565	–
Decrease (Increase) in non-current debtors		–	116	102	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	(1 689)	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		(3 071)	(88 459)	54 317	20 000	20 000	20 000	–	60 100	60 261	61 000
Payments											
Capital assets		–	–	–	–	–	–	–	(223 470)	(254 878)	(283 411)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(93 737)</b>	<b>(144 300)</b>	<b>(173 340)</b>	<b>25 000</b>	<b>25 000</b>	<b>25 000</b>	<b>–</b>	<b>(158 090)</b>	<b>(189 052)</b>	<b>(222 411)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits		–	–	–	(8 500)	(8 500)	(8 500)	–	(8 968)	(9 461)	(9 961)
Payments											
Repayment of borrowing		60 461	12 656	46 792	(40 000)	(40 000)	(40 000)	–	(13 743)	(24 550)	(34 201)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>60 461</b>	<b>12 656</b>	<b>46 792</b>	<b>(48 500)</b>	<b>(48 500)</b>	<b>(48 500)</b>	<b>–</b>	<b>(22 710)</b>	<b>(34 011)</b>	<b>(44 162)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>45 593</b>	<b>21 026</b>	<b>(39 356)</b>	<b>43 159</b>	<b>43 149</b>	<b>43 149</b>	<b>–</b>	<b>(27 075)</b>	<b>(4 811)</b>	<b>63 529</b>
Cash/cash equivalents at the year begin:	2	12 106	57 699	78 725	10 000	10 000	10 000	–	53 159	26 085	21 274
Cash/cash equivalents at the year end:	2	57 699	78 725	39 369	53 159	53 149	53 149	–	26 085	21 274	84 803

**(Table A8) - Cash Backed Reserves/Accumulated Surplus Reconciliation**



Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	57 699	78 725	39 369	53 159	53 149	53 149	–	26 085	21 274	84 803
Other current investments > 90 days		–	103 830	61 748	186 374	58 598	58 598	–	63 915	78 726	25 197
Non current assets - Investments	1	48 734	33 921	22 852	38 408	38 408	38 408	–	23 315	23 832	23 932
<b>Cash and investments available:</b>		<b>106 433</b>	<b>216 475</b>	<b>123 969</b>	<b>277 941</b>	<b>150 156</b>	<b>150 156</b>	<b>–</b>	<b>113 315</b>	<b>123 832</b>	<b>133 932</b>
<u>Application of cash and investments</u>											
Unspent conditional transfers		11 647	113 138	75 378	–	75 378	75 378	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(126 962)	179 706	89 569	(154 134)	6 208	6 208	–	9 388	(2 160)	(12 646)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>		<b>(115 315)</b>	<b>292 844</b>	<b>164 947</b>	<b>(154 134)</b>	<b>81 586</b>	<b>81 586</b>	<b>–</b>	<b>9 388</b>	<b>(2 160)</b>	<b>(12 646)</b>
<b>Surplus(shortfall)</b>		<b>221 748</b>	<b>(76 369)</b>	<b>(40 978)</b>	<b>432 075</b>	<b>68 570</b>	<b>68 570</b>	<b>–</b>	<b>103 927</b>	<b>125 992</b>	<b>146 578</b>

Other working capital requirements

Debtors	352 843	89 131	143 919	204 134	227 280	227 280	–	192 612	202 160	210 646
Creditors due	225 881	268 837	233 488	50 000	233 488	233 488	–	202 000	200 000	198 000
<b>Total</b>	<b>126 962</b>	<b>(179 706)</b>	<b>(89 569)</b>	<b>154 134</b>	<b>(6 208)</b>	<b>(6 208)</b>	<b>–</b>	<b>(9 388)</b>	<b>2 160</b>	<b>12 646</b>

Debtors collection assumptions

Balance outstanding - debtors	216 550	222 785	262 687	217 000	241 859	241 859	–	258 285	248 791	239 291
Estimate of debtors collection rate	163%	40%	55%	94%	94%	94%	0%	75%	81%	88%

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/14 MTREF was funded owing to the significant surplus.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium term framework was to ensure the budget is funded in alignment to section 18 of the MFMA.

**(Table A9) - Asset Management**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<u><b>Total New Assets</b></u>	1	90 666	51 016	231 946	210 500	277 117	277 117	221 956	251 378	267 911
Infrastructure - Road transport		2 376	5 942	78 014	74 500	63 197	63 197	57 050	88 500	89 500
Infrastructure - Electricity		4 877	10 770	15 381	7 600	11 600	11 600	3 000	14 000	35 000
Infrastructure - Water		49 653	24 569	114 793	100 000	173 302	173 302	89 106	127 178	143 411
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		1 527	5 872	10 265	10 000	7 810	7 810	7 500	14 000	-
Infrastructure		58 433	47 153	218 453	192 100	255 909	255 909	156 656	243 678	267 911
Community		6 928	3 019	8 979	18 400	15 992	15 992	65 300	7 700	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	25 305	844	4 514	-	5 217	5 217	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u><b>Total Renewal of Existing Assets</b></u>	2	-	-	-	-	2 100	2 100	-	-	12 000
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	2 100	2 100	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	2 100	2 100	-	-	-
Community	-	-	-	-	-	-	-	-	-	12 000
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u><b>Total Capital Expenditure</b></u>	4									
Infrastructure - Road transport		2 376	5 942	78 014	74 500	63 197	63 197	57 050	88 500	89 500
Infrastructure - Electricity		4 877	10 770	15 381	7 600	11 600	11 600	3 000	14 000	35 000
Infrastructure - Water		49 653	24 569	114 793	100 000	175 402	175 402	89 106	127 178	143 411
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		1 527	5 872	10 265	10 000	7 810	7 810	7 500	14 000	-
Infrastructure		58 433	47 153	218 453	192 100	258 009	258 009	156 656	243 678	267 911
Community		6 928	3 019	8 979	18 400	15 992	15 992	65 300	7 700	12 000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		25 305	844	4 514	-	5 217	5 217	-	-	-

Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>2</b>	<b>90 666</b>	<b>51 016</b>	<b>231 946</b>	<b>210 500</b>	<b>279 217</b>	<b>279 217</b>	<b>221 956</b>	<b>251 378</b>	<b>279 911</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>									
<i>Infrastructure - Road transport</i>										
<i>Infrastructure - Electricity</i>										
<i>Infrastructure - Water</i>										
<i>Infrastructure - Sanitation</i>										
<i>Infrastructure - Other</i>		1 105 148	1 090 107	1 281 059	1 290 979	1 281 059	1 281 059	1 382 979	1 422 979	1 467 979
Infrastructure		1 105 148	1 090 107	1 281 059	1 290 979	1 281 059	1 281 059	1 382 979	1 422 979	1 467 979
Community		232 734	227 215	227 215	227 215	227 215	227 215	227 215	227 215	227 215
Heritage assets		10	10	10	10	10	10	10	10	10
Investment properties		-	90 759	91 249	-	-	-	92 000	92 500	93 000
Other assets		100 694	92 504	89 797	89 797	89 797	89 797	89 797	89 797	89 797
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>1 438 586</b>	<b>1 500 595</b>	<b>1 689 329</b>	<b>1 608 000</b>	<b>1 598 080</b>	<b>1 598 080</b>	<b>1 792 000</b>	<b>1 832 500</b>	<b>1 878 000</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<u>Depreciation &amp; asset impairment</u>		39 461	37 843	37 825	40 396	40 396	40 396	40 400	50 000	60 000
<u>Repairs and Maintenance by Asset Class</u>	<b>3</b>	21 432	12 243	16 595	46 256	47 299	47 299	36 215	53 138	74 964
<i>Infrastructure - Road transport</i>		7 145	1 956	2 310	9 550	9 450	9 450	5 550	10 273	17 048
<i>Infrastructure - Electricity</i>		4 171	3 538	5 012	10 580	10 780	10 780	12 500	16 500	20 551
<i>Infrastructure - Water</i>		2 965	2 475	4 698	5 600	9 257	9 257	3 600	4 892	6 896
<i>Infrastructure - Sanitation</i>		1 648	1 565	656	3 450	3 450	3 450	2 000	2 420	3 941
<i>Infrastructure - Other</i>		-	-	-	1 000	1 600	1 600	700	705	1 036
Infrastructure		15 929	9 535	12 675	30 180	34 537	34 537	24 350	34 791	49 473
Community		945	563	854	2 035	2 610	2 610	2 400	2 522	2 642
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	<b>6, 7</b>	4 559	2 145	3 066	14 041	10 152	10 152	9 465	15 825	22 850
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>60 893</b>	<b>50 086</b>	<b>54 420</b>	<b>86 651</b>	<b>87 695</b>	<b>87 695</b>	<b>76 615</b>	<b>103 138</b>	<b>134 964</b>
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	0.0%	0.0%	4.3%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	5.2%	5.2%	0.0%	0.0%	20.0%
<i>R&amp;M as a % of PPE</i>		1.5%	0.9%	1.0%	2.9%	3.0%	3.0%	2.1%	3.1%	4.2%
<i>Renewal and R&amp;M as a % of PPE</i>		1.0%	1.0%	1.0%	3.0%	3.0%	3.0%	2.0%	3.0%	5.0%

**(Table A10) - Basic service delivery measurement**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Household service targets</b>	1									
<u>Water:</u>										
Piped water inside dwelling		53 500	53 500	61 500	70 500	–	–	–	–	–
Piped water inside yard (but not in dwelling)		29 000	32 500	46 500	49 500	95 280	95 280	95 280	95 280	95 280
Using public tap (at least min.service level)	2	17 500	17 500	24 500	29 500	4 880	4 880	4 880	4 880	4 880
Other water supply (at least min.service level)	4					–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		100 000	103 500	132 500	149 500	100 160	100 160	100 160	100 160	100 160
Using public tap (< min.service level)	3	17 500	17 500	24 500	29 500	29 500	29 500	29 500	29 500	29 500
Other water supply (< min.service level)	4					–	–	–	–	–
No water supply						–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		17 500	17 500	24 500	29 500	29 500	29 500	29 500	29 500	29 500
<b>Total number of households</b>	5	117 500	121 000	157 000	179 000	129 660	129 660	129 660	129 660	129 660
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		42 763	50 000	67 000	80 000	44 405	44 405	44 405	44 405	44 405
Flush toilet (with septic tank)						2 444	2 444	2 444	2 444	2 444
Chemical toilet		9 500	9 572	11 720	15 000	–	–	–	–	–
Pit toilet (ventilated)		40 428	40 428	47 428	50 000	11 735	11 735	11 735	11 735	11 735
Other toilet provisions (> min.service level)						37 123	37 123	37 123	37 123	37 123
<i>Minimum Service Level and Above sub-total</i>		92 691	100 000	126 148	145 000	95 707	95 707	95 707	95 707	95 707
Bucket toilet		40 428	40 428	47 428	50 000	50 000	50 000	50 000	50 000	50 000
Other toilet provisions (< min.service level)						–	–	–	–	–
No toilet provisions						–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		40 428	40 428	47 428	50 000	50 000	50 000	50 000	50 000	50 000
<b>Total number of households</b>	5	133 119	140 428	173 576	195 000	145 707	145 707	145 707	145 707	145 707
<u>Energy:</u>										
Electricity (at least min.service level)		23 742	26 800	39 000		65 000	65 000	65 000	65 000	65 000
Electricity - prepaid (min.service level)					45 000	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		23 742	26 800	39 000	45 000	65 000	65 000	65 000	65 000	65 000
Electricity (< min.service level)		23 742	26 800	39 000	45 000	45 000	45 000	45 000	45 000	45 000
Electricity - prepaid (< min. service level)						–	–	–	–	–
Other energy sources						–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		23 742	26 800	39 000	45 000	45 000	45 000	45 000	45 000	45 000
<b>Total number of households</b>	5	47 484	53 600	78 000	90 000	110 000	110 000	110 000	110 000	110 000
<u>Refuse:</u>										
Removed at least once a week		–	–	47 506	–	47 506	47 506	47 506	47 506	47 506
<i>Minimum Service Level and Above sub-total</i>		–	–	47 506	–	47 506	47 506	47 506	47 506	47 506
Removed less frequently than once a week			29 374	29 374	29 374	29 374	29 374	29 374	29 374	29 374
Using communal refuse dump						–	–	–	–	–
Using own refuse dump						–	–	–	–	–
Other rubbish disposal						–	–	–	–	–
No rubbish disposal						–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	29 374	29 374	29 374	29 374	29 374	29 374	29 374	29 374
<b>Total number of households</b>	5	–	29 374	76 880	29 374	76 880	76 880	76 880	76 880	76 880
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		–	–	28 901	–	28 901	28 901	28 901	28 901	28 901
Sanitation (free minimum level service)		–	–	5 433	–	5 433	5 433	5 433	5 433	5 433
Electricity/other energy (50kwh per household per month)		–	–	21 000	–	21 000	21 000	21 000	21 000	21 000
Refuse (removed at least once a week)		–	–	5 433	–	5 433	5 433	5 433	5 433	5 433
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		5 595	5 119	5 619	5 727					
Sanitation (free sanitation service)		1 604	1 345	1 545	1 636	957	957	957	957	957
Electricity/other energy (50kwh per household per month)		1 604	1 345	1 545	1 636	65	65	65	65	65

month)									
Refuse (removed once a week)									
<b>Total cost of FBS provided (minimum social package)</b>		10 407	9 154	10 254	10 635	1 022	1 022	1 022	1 022
<b>Highest level of free service provided</b>									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
<b>Revenue cost of free services provided (R'000)</b>	9								
Property rates (R15 000 threshold rebate)									
Property rates (other exemptions, reductions and rebates)			23 620	28 620	29 700	29 700	29 700	29 700	29 700
Water		5 595	5 119	5 619	5 727	5 727	5 727	5 727	5 727
Sanitation		1 604	1 345	1 545	1 636	1 636	1 636	1 636	1 636
Electricity/other energy		1 604	1 345	1 545	1 636	1 636	1 636	1 636	1 636
Refuse		1 604	1 345	1 545	1 636	1 636	1 636	1 636	1 636
Municipal Housing - rental rebates	6								
Housing - top structure subsidies									
Other									
<b>Total revenue cost of free services provided (total social package)</b>		10 407	32 774	38 874	40 335	40 335	40 335	40 335	40 335

## 9. OVERVIEW OF THE ANNUAL BUDGET PROCESS

### 1.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor, who is also the chairperson of the Finance Committee.

The primary aims of the Budget Steering Committee is to ensure:

- ☐ that the process followed to compile the budget complies with legislation and good budget practices;
- ☐ that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- ☐ that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- ☐ that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 1.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2012. Key dates applicable to the process were:

- **August 2012** – Strategic planning session of all the Councillors and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/16 MTREF;

- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **26 February 2013** - Council considers the 2012/13 Mid-year Review and Adjustments Budget;
- **February 2013** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments.

The draft 2012/13 MTREF is revised accordingly;

- **22 March 2013** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2013** – Public consultation;
- **10 May 2013** - Closing date for written comments;
- **10 to 21 May 2013** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2013** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

### **IDP and Service Delivery and Budget Implementation Plan**

This is the first stage of five years term to review the IDP of the municipality. The IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- ☐ Registration of community needs;
- ☐ Compilation of departmental business plans including key performance indicators and targets;
- ☐ Financial planning and budgeting process;
- ☐ Public participation process;
- ☐ Compilation of the SDBIP, and
- ☐ The review of the performance management and monitoring processes

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

### **9.3. Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- ☐ Madibeng Local Municipality growth
- ☐ Policy priorities and strategic objectives
- ☐ Asset maintenance
- ☐ Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- ☐ Performance trends
- ☐ The approved 2012/13 adjustments budget and performance against the SDBIP
- ☐ Cash Flow Management Strategy
- ☐ Debtor payment levels
- ☐ Loan and investment possibilities
- ☐ The need for tariff increases versus the ability of the community to pay for services;
- ☐ Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 55,58 and 58 has been taken into consideration in the planning and prioritisation process.

## **10 . OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provide water and sanitation
2. Provide Roads and storm water
3. Provide electricity



4. Land and Housing and Spatial Development
5. Social Services
6. Local Economic Development
7. Agriculture
8. Transport

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Sustainable Service - Electricity	Electricity	A		226 153	257 246	317 493	399 797	400 234	400 234	382 800	413 363	446 369
Sustainable Service - Water	Water	A		50 296	42 664	60 342	125 791	125 841	125 841	93 090	99 999	102 330
Sustainable Service - Sanitation	Sanitation	A		21 567	24 828	26 094	43 071	43 071	43 071	21 790	22 967	24 207
Sustainable Service - Waste Management	Waste Management	A		22 718	23 547	34 354	31 010	31 310	31 310	28 687	30 236	31 869
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		1 124	715	2 992	1 102	1 102	1 102	870	917	966
Infrastructure - Land And Housing	Land And Housing	A		10 067	618	10	60	60	60	-	-	-
Good Governance - Support Service	Support Service	B		97 006	41 391	518	3 552	3 552	3 552	3 538	3 540	3 542
Good Governance - Financial Management	Financial Management	B		333 722	435 226	409 069	563 701	563 703	563 703	660 910	735 795	829 872
Good Governance - Human Resources	Human Resources	B		4 389	150	1 009	2 000	2 000	2 000	2 000	2 000	2 000
Planning And Development	Planning And Development	B		2 197	1 642	2 044	1 664	1 770	1 770	1 837	1 956	2 084
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		398	282	703	55	55	55	85	89	94
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		18 837	13 069	15 939	9 002	9 004	9 004	11 339	11 952	12 597
Sustainable Service - Health	Health	A		91	-	-	-	-	-	-	-	-
Sustainable Service - Community And Others	Community And Others	A		339	550	283	451	449	449	34	36	38
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		3 990	5 886	71 458	-	24	24	-	-	-
Good Governance - Intergrated Planning	Intergrated Planning	B		4 218	-	205 488	-	-	-	-	-	-
Environmental Management - Pollution	Pollution	A		426	-	-	-	-	-	-	-	-
Good Governance - Council And Public Participation	Good Governance	A		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			1	797 538	847 814	1 147 795	1 181 256	1 182 173	1 182 173	1 206 979	1 322 851	1 455 968

**( Table SA5) Reconciliation of IDP strategic objectives and budget  
(operating expenditure)**

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Sustainable Service - Electricity	Electricity	A		143 208	271 223	286 876	339 010	343 407	343 407	397 230	430 560	468 222
Sustainable Service - Water	Water	A		44 499	64 126	83 945	166 878	148 215	148 215	141 270	152 362	155 717
Sustainable Service - Sanitation	Sanitation	A		17 676	12 126	16 248	26 089	22 988	22 988	10 175	13 119	15 202
Sustainable Service - Waste Management	Waste Management	A		38 624	33 790	35 733	33 647	45 039	45 039	48 543	51 980	55 148
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		7 585	6 117	9 908	6 544	6 680	6 680	8 457	11 188	11 923
Infrastructure - Land And Housing	Land And Housing	A		22 386	10 675	13 929	13 117	11 011	11 011	11 742	13 948	14 960
Good Governance - Support Service	Support Service	B		46 480	36 941	39 031	50 084	56 953	56 953	50 143	58 622	65 984
Good Governance - Financial Management	Financial Management	B		264 947	280 466	284 150	317 605	309 132	309 132	290 563	313 915	347 147
Good Governance - Human Resources	Human Resources	B		18 797	8 924	10 399	21 284	15 781	15 781	16 427	17 205	22 048
Planning And Development	Planning And Development	B		13 728	11 770	13 603	11 124	14 147	14 147	18 340	18 627	19 603
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		10 696	10 756	12 221	12 946	12 900	12 900	13 329	14 104	15 740
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		30 736	40 182	49 819	45 142	54 550	54 550	56 625	60 680	66 042
Sustainable Service - Health	Health	A		6 328	7 070	6 705	6 890	7 246	7 246	6 991	7 354	8 821
Sustainable Service - Community And Others	Community And Others	A		24 892	18 312	21 798	26 318	26 698	26 698	24 898	27 809	31 408

Infrastructure - Roads And Stormwater	Roads And Stormwater	A		22 637	30 644	34 712	42 388	41 773	41 773	40 468	52 318	65 804
Good Governance - Intergrated Planning	Intergrated Planning	B		9 075	9 400	12 465	18 536	18 137	18 137	21 137	23 177	28 265
Environmental Management - Pollution	Pollution	A		1 932	1 522	1 564	1 546	1 576	1 576	1 612	1 694	2 777
Good Governance - Council And Public Participation	Good Governance	A		34 826	32 777	36 362	42 031	45 864	45 864	48 997	54 180	61 031
Total Expenditure			1	759 052	886 821	969 469	1 181 180	1 182 097	1 182 097	1 206 947	1 322 841	1 455 841

### NW372 Madibeng - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Sustainable Service - Electricity	Electricity	A		4 877	10 770	15 381	7 600	15 200	15 200	3 000	14 000	35 000
Sustainable Service - Water	Water	A		49 457	13 106	98 243	80 500	138 717	138 717	58 606	82 178	98 411
Sustainable Service - Sanitation	Sanitation	A		196	11 464	16 662	19 500	33 085	33 085	30 500	45 000	45 000
Sustainable Service - Waste Management	Waste Management	A		1 527	5 872	10 265	10 000	6 810	6 810	10 500	14 000	–
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		6 524	724	3 879	7 300	2 700	2 700	12 500	3 000	–
Infrastructure - Land And Housing	Land And Housing	A		–	–	–	–	–	–	–	–	–
Good Governance - Support Service	Support Service	B		–	701	484	–	–	–	–	–	–
Good Governance - Financial Management	Financial Management	B		448	14	958	–	1 022	1 022	–	–	–
Good Governance - Human Resources	Human Resources	B		3	–	–	–	–	–	–	–	–

Planning And Development	Planning And Development	B		–	128	453	–	4 113	4 113	–	–	–
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		52	524	5 409	7 200	2 900	2 900	28 450	4 700	–
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		–	852	1 401	–	5 982	5 982	–	–	–
Sustainable Service - Health	Health	A		46	–	–	–	–	–	–	–	–
Sustainable Service - Community And Others	Community And Others	A		610	920	223	3 900	5 410	5 410	21 350	–	–
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		26 925	5 942	78 589	74 500	63 197	63 197	57 050	88 500	101 500
Good Governance - Intergrated Planning	Intergrated Planning	B		2	–	–	–	71	71	–	–	–
Environmental Management - Pollution	Pollution	A		–	–	–	–	–	–	–	–	–
Good Governance - Council And Public Participation	Good Governance	A		–	–	–	–	11	11	–	–	–
Total Capital Expenditure			1	90 666	51 016	231 946	210 500	279 217	279 217	221 956	251 378	279 911

## 11. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The performance of Madibeng Local Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Madibeng Local Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Madibeng Local Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

**Table SA7 Measureable performance objectives**

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>06 - Infrastructure And Technical Services</b>										
Electricity										
Electricity Distribution										
Electricity (At Least Min.Service Level)	Households	-	-	65 000.00	-	65 000.00	65 000.00	65 000.00	65 000.00	65 000.00
Electricity/Other Energy (50kwh Per Household Per Month)	Households	-	-		-	21 000.00	21 000.00	21 000.00	21 000.00	21 000.00
Waste Water Management										
Sewerage										
Flush Toilet (Connected To Sewerage)	Households	-	-	44 405.00	-	44 405.00	44 405.00	44 405.00	44 405.00	44 405.00
Flush Toilet (With Septic Tank)	Households	-	-	2 444.00	-	2 444.00	2 444.00	2 444.00	2 444.00	2 444.00
Sanitation (Free Minimum Level Service)	Households	-	-	5 433.00	-	5 433.00	5 433.00	5 433.00	5 433.00	5 433.00
Sanitation (Free Sanitation Service)	Rand Value	-	-	65 196.00	-	65 196.00	65 196.00	65 196.00	65 196.00	65 196.00
Water										
Water Distribution										
Piped Water Inside Yard (But Not In Dwelling)	Households	-	-	95 280.00	-	95 280.00	95 280.00	95 280.00	95 280.00	95 280.00
Using Public Tap (At Least Min.Service Level)	Households	-	-	4 880.00	-	4 880.00	4 880.00	4 880.00	4 880.00	4 880.00
Water (6 Kilolitres Per Household Per Month)	Households	-	-	28 901.00	-	28 901.00	28 901.00	28 901.00	28 901.00	28 901.00
Water (6 Kilolitres Per Household Per Month)	Rand Value	-	-	1 387 250.00	-	957 201.00	957 201.00	957 201.00	957 201.00	957 201.00
<b>07 - Community Services</b>										
Waste Management										
Solid Waste										
Refuse (Removed At Least Once A Week)	Households	-	-	5 433.00	-	5 433.00	5 433.00	5 433.00	5 433.00	5 433.00
Removed At Least Once A Week	Households	-	-	47 506.00	-	47 506.00	47 506.00	47 506.00	47 506.00	47 506.00

NW372 Madibeng - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	-0.6%	7.0%	2.8%	6.6%	5.4%	5.4%	0.1%	2.3%	3.7%	4.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	-0.9%	11.0%	3.9%	8.8%	7.1%	7.1%	0.1%	3.1%	5.3%	7.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	61.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.0	0.9	1.1	6.9	1.1	1.1	-	1.6	1.6	1.6

Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	0.9	1.1	6.9	1.1	1.1	-	1.6	1.6	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.4	0.3	3.6	0.3	0.3	-	0.4	0.4	0.5
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		162.9%	40.0%	54.6%	94.1%	94.0%	94.0%	0.0%	74.6%	81.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			162.9%	40.0%	54.8%	94.1%	94.0%	94.0%	0.0%	74.6%	81.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	27.2%	26.3%	23.0%	18.4%	20.5%	20.5%	0.0%	21.4%	18.8%	16.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		391.5%	341.5%	593.1%	94.1%	439.3%	439.3%	0.0%	774.4%	940.1%	233.5%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.0%	23.2%	20.1%	19.1%	19.8%	19.8%	26.3%	24.8%	24.2%	24.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.5%	23.1%	0.0%	19.6%	19.7%	19.7%		20.3%	19.5%	18.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.7%	1.4%	1.4%	3.9%	4.0%	4.0%		3.0%	4.0%	5.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.0%	13.3%	9.7%	6.6%	5.4%	5.4%	3.5%	4.5%	5.6%	6.5%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	(246.2)	(15.6)	14.6	18.9	18.9	18.9	20.5	29.0	22.5	23.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	45.3%	43.2%	41.9%	27.2%	30.3%	30.3%	0.0%	34.0%	30.6%	27.6%
iii. Cost coverage	(Available cash + fixed Investments)/monthly operational expenditure	1.0	1.2	0.5	0.6	0.7	0.7	-	0.3	0.2	0.8

## 12. OVERVIEW OF BUDGET RELATED-POLICIES

Madibeng Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following By-Law and policies relating to the budget were reviewed and adopted by Council:

- Budget & Virement Policy
- Property Rates Policy & Bylaw
- Tariff Setting Policy
- Donations Sponsorships and Gifts Policy
- Revised Cash Management and Investment Policy
- Revised Indigent Household Subsidy Policy
- Draft Supply Chain Management Policy
- Draft Asset Management Policy
- Revised Credit Control and Debt Collection Policy & Bylaw
- Draft Customer Care Policy
- Other Policies for controlling Expenses
  - ☐ Draft Overtime Policy (new)
  - ☐ Draft Stay and Travel Policy(new)
  - ☐ Draft Payroll Policy (new)
  - ☐ Draft Petty Cash Policy
  - ☐ Draft Cellular Phone and Data Contract Policy (new)
  - ☐ Draft Leave Policy (New)

### 13. OVERVIEW OF BUDGET ASSUMPTIONS

The 2013/14 MTREF has been compiled taking into account the Macro-Economic Performance and Projections namely, headline inflation forecast and employee related costs.

#### ***Revenue Projections***

The revenue projections have been compiled under the following assumptions:

- ❖ Considered 2011/12 actual collections @ 75%
- ❖ Revised Water Tariffs @ 18%
  - Rand Water Tariff charge and possible increase @ 9.825%
  - City of Tshwane charges and possible increase @ 9%
  - Repairs and Maintenance Costs
  - Overhead costs
- ❖ Electricity Tariffs
  - NT Guideline @ 8%
- ❖ Inflation increase for other services @ 5.65%, 5.4% and 5.4% for 2013/14, 2014/15 and 2015/16 respectively.
- ❖ Division of Revenue Bill 2013 allocations

#### ***Employee Related Costs***

The multiyear Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 was used to determine the salaries budget while waiting for the announcement of the final CPI for the relevant period. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 percent for the 2013/14 financial year.

In terms of the 2012 Medium Term Budget Policy Statement, municipalities were advised to provide for increases related to salaries and wages for the 2013/14 budget and MTREF as follows:

- ❖ Multi year salary wage collective agreement of 01 July 2012 to 30 June 2015
  - 6.85% (CPI of 5.6% + 1.25%) for 2013/14
  - 6.4% (CPI of 5.4% + 1%) for 2014/15
  - 6.4% (CPI of 5.4% + 1%) for 2015/16
- ❖ Payroll actual as at 28 February 2013

- ❖ Key positions advertised in March 2013
- ❖ Key positions to be filled in 2013/14 financial year

Once the final average CPI for the period 1 February 2012 until 31 January 2013 is available the necessary adjustment will be done in the before the budget can be presented to council for approval. In addition to the above the followings were considered during when preparing the salary budget:

- ❖ The overtime budget was at 5 percent which is equal to 5 percent as advised in terms of Circular 66 of the MFMA
- ❖ The overtime budget relates to essential services

### ***Remuneration of Councillors***

Councillors Allowances were projected based on the following:

- ❖ As per ministerial determination of 2012
- ❖ Tools of Trade
- ❖ Projected 2013 increase @ 7%

### ***General Expenses and Other Related Items***

Combination of incremental and Activity Based Cost budgeting principles plus possible price increase at inflation of 5.6% and that management should put strict measures in place to avoid unnecessary spending.

This section of the budget report provides a summary of all principle and assumptions underlying the preparation of the budget and its proposals. Budgets are prepared in an environment of uncertainty and certain principles and assumptions need to be made about both internal and external factors that could impact on the budget during the course of the financial year.

## **13.1 External factors: General inflation outlook and its impact on the municipal activities,**

- I. Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Madibeng Municipality's finances.
- II. The Council is committed to stringent budgeting policies and parameter through a budget that seeks to strike a balance between the development challenges of the poor areas and the need to maintain their infrastructure in established areas. The Council is also committed to ensuring that consultation on the budget take place as widely as possible and to achieve balanced budgets on an affordable basis now and in the future.
- III. The Council is further committed to levying affordable tariff increases.
- IV. Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Madibeng Local Municipality, household formation growth rate and the poor household change rate.
- V. The Executive Mayor will keep record of all comments and submissions received and the steps taken to address most of the requests.
- VI. National Treasury advises that the medium term outlook for the South African economy remains positive with the inflation rate expected to stay within the target range of 3 to 6 percent. The inflation forecast (CPIX) announced for 2012/13, 2013/14 and



2014/15 is 5.9%, 5.3% and 5.7% respectively. National Treasury set as guidelines parameters for the budget growth and these have been set at between 3% and 6% for the 2012/2013. The growth parameters apply to tariff increases for property rates, user and other charges raised by the municipalities, to ensure that all spheres of government support the nation macro-economic policies, unless it can be shown that external factors particular to the municipality concerned impact otherwise.

- VII. Another key focus of the 2012/13 financial year is to ensure that, all Indigents are registered and approved.

### 13.2 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 13.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA.

**(Table SA10) – Funding compliance measurement**

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Funding measures</b>	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	57 699	78 725	39 369	53 159	53 149	53 149	-	26 085	21 274	84 803
Cash + investments at the yr end less applications - R'000	18(1)b	2	221 748	(76 369)	(40 978)	432 075	68 570	68 570	-	103 927	125 992	146 578
Cash year end/monthly employee/supplier payments	18(1)b	3	1.0	1.2	0.5	0.6	0.7	0.7	-	0.3	0.2	0.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	38 487	(39 007)	178 326	76	76	76	58 325	33	9	127

Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	2.2%	17.5%	26.6%	(6.0%)	(6.0%)	(51.6%)	(10.7%)	1.0%	0.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	162.9%	40.0%	54.8%	94.1%	94.0%	94.0%	0.0%	74.6%	81.3%	88.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	20.3%	23.2%	23.4%	23.8%	23.8%	23.8%	0.0%	20.4%	20.3%	20.2%
Capital payments % of capital expenditure	18(1)c,19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.7%	101.4%	101.3%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	3.1%	19.8%	(14.0%)	11.5%	0.0%	(100.0%)	6.8%	(3.7%)	(3.8%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(0.7%)	(0.8%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.5%	0.9%	1.0%	2.9%	3.0%	3.0%	0.0%	2.1%	3.1%	4.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	0.0%	0.0%	0.0%	4.3%

<b>Supporting indicators</b>	-	-	-	-								
% incr <b>total service charges (incl prop rates)</b>	18(1)a			8.2%	23.5%	32.6%	0.0%	0.0%	(45.6%)	(4.7%)	7.0%	6.7%
% incr Property Tax	18(1)a			7.3%	17.4%	15.7%	0.0%	0.0%	(38.4%)	33.6%	6.2%	5.4%
% incr Service charges - electricity revenue	18(1)a			13.7%	23.4%	22.4%	0.0%	0.0%	(39.1%)	(2.1%)	8.0%	8.0%
% incr Service charges - water revenue	18(1)a			(15.2%)	41.4%	92.6%	0.0%	0.0%	(55.2%)	(28.8%)	5.4%	5.4%
% incr Service charges - sanitation revenue	18(1)a			15.1%	5.1%	65.0%	0.0%	0.0%	(68.1%)	(49.4%)	5.4%	5.4%
% incr Service charges - refuse revenue	18(1)a			3.7%	45.9%	(27.2%)	1.2%	0.0%	(40.5%)	(5.8%)	5.4%	5.4%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.2%	0.0%	(99.5%)	(100.0%)	0.0%	0.0%
Total billable revenue	18(1)a		450 689	487 582	601 479	797 802	798 183	798 183	434 027	760 595	813 549	868 079
Service charges			449 769	486 688	600 820	796 980	797 361	797 361	433 672	760 028	812 932	867 407
Property rates			129 035	138 402	162 537	188 020	188 020	188 020	115 876	251 231	266 767	281 065
Service charges - electricity revenue			226 153	257 246	317 493	388 690	388 690	388 690	236 758	380 477	410 916	443 789
Service charges - water revenue			50 296	42 664	60 342	116 220	116 220	116 220	52 045	82 707	87 174	91 881
Service charges - sanitation revenue			21 567	24 828	26 094	43 050	43 050	43 050	13 749	21 778	22 954	24 194
Service charges - refuse removal			22 718	23 547	34 354	25 000	25 300	25 300	15 047	23 835	25 122	26 478
Service charges - other			-	-	-	36 000	36 081	36 081	197	-	-	-
Rental of facilities and equipment			920	894	660	822	822	822	355	566	617	672
Capital expenditure excluding capital grant funding			-	-	-	5 500	-	-	-	-	-	-
Cash receipts from ratepayers	18(1)a		833 524	221 118	371 624	827 133	827 133	827 133	-	649 993	750 750	850 250
Ratepayer & Other revenue	18(1)a		511 557	552 691	678 302	879 263	880 190	880 190	487 878	871 615	923 920	965 874
Change in consumer debtors (current and non-current)			63 122	6 235	41 591	(47 376)	(22 517)	(22 517)	(264 376)	41 285	(9 494)	(9 500)
Operating and Capital Grant Revenue	18(1)a		278 760	284 568	458 755	289 843	289 843	289 843	144 543	325 060	388 092	478 739
Capital expenditure - total	20(1)(vi)		90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
Capital expenditure - renewal	20(1)(vi)		-	-	-	-	2 100	2 100	-	-	-	12 000
<b>Supporting benchmarks</b>												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										-	-	-
Average annual collection rate (arrears inclusive)												

#### Trend

Change in consumer debtors (current and non-current)

63 122

6 235

41 591

(264 376)

41 285

(9 494)

(9 500)

-

-

-

**Total Operating Revenue**

797 538

847 814

1 147 795

1 181 256

1 182 173

1 182 173

636 779

1 206 979

1 322 851

1 455 968

**Total Operating Expenditure**

759 052

886 821

969 469

1 181 180

1 182 097

1 182 097

578 454

1 206 947

1 322 841

1 455 841

**Operating Performance Surplus/(Deficit)**

38 487

(39 007)

178 326

76

76

76

58 325

33

9

127

<b>Cash and Cash Equivalents (30 June 2012)</b>										26 085		
<b>Revenue</b>												
% Increase in Total Operating Revenue				6.3%	35.4%	2.9%	0.1%	0.0%	(46.1%)	2.1%	9.6%	10.1%
% Increase in Property Rates Revenue				7.3%	17.4%	15.7%	0.0%	0.0%	(38.4%)	33.6%	6.2%	5.4%
% Increase in Electricity Revenue				13.7%	23.4%	22.4%	0.0%	0.0%	(39.1%)	(2.1%)	8.0%	8.0%
% Increase in Property Rates & Services Charges				8.2%	23.5%	32.6%	0.0%	0.0%	(45.6%)	(4.7%)	7.0%	6.7%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				16.8%	9.3%	21.8%	0.1%	0.0%	(51.1%)	2.1%	9.6%	10.1%
% Increase in Employee Costs				(1.3%)	17.0%	(2.4%)	3.7%	0.0%	(28.4%)	28.0%	7.0%	10.4%
% Increase in Electricity Bulk Purchases				56.6%	5.8%	9.8%	0.0%	0.0%	(28.1%)	16.4%	8.0%	8.0%
Average Cost Per Budgeted Employee Position (Remuneration)					263582.0754	257375.6571				341600.6949		
Average Cost Per Councillor (Remuneration)					274569.4444	338888.8889				340249.6806		
R&M % of PPE			1.5%	0.9%	1.0%	2.9%	3.0%	3.0%		2.1%	3.1%	4.2%
Asset Renewal and R&M as a % of PPE			1.0%	1.0%	1.0%	3.0%	3.0%	3.0%		2.0%	3.0%	5.0%
Debt Impairment % of Total Billable Revenue			20.3%	23.2%	23.4%	23.8%	23.8%	23.8%	0.0%	20.4%	20.3%	20.2%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			-	-	-	5 500	-	-	-	-	-	-
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			90 666	51 016	231 946	205 000	279 217	279 217	124 603	221 956	251 378	279 911
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			100.0%	100.0%	100.0%	97.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
Asset Renewal			-	-	-	-	2 100	2 100	2 100	-	-	12 000
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	1.7%	0.0%	0.0%	4.3%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			162.9%	40.0%	54.8%	94.1%	94.0%	94.0%	0.0%	74.6%	81.3%	88.0%
Cash Coverage Ratio			0	0	0	0	0	0	-	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating			(0.6%)	7.0%	2.8%	6.6%	5.4%	5.4%	0.1%	2.3%	3.7%	4.7%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)			221 748	(76 369)	(40 978)	432 075	68 570	68 570	-	103 927	125 992	146 578
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			372.7%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			2.0%	5.8%	5.6%	4.5%	4.5%	4.5%		4.6%	4.3%	4.1%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			797 538	847 814	1 147 795	1 181 256	1 182 173	1 182 173	636 779	1 206 979	1 322 851	1 455 968
Total Operating Expenditure			759 052	886 821	969 469	1 181 180	1 182 097	1 182 097	578 454	1 206 947	1 322 841	1 455 841
Surplus/(Deficit) Budgeted Operating Statement			38 487	(39 007)	178 326	76	76	76	58 325	33	9	127
Surplus/(Deficit) Considering Reserves and Cash Backing			260 234	(115 376)	137 348	432 151	68 646	68 646	58 325	103 960	126 002	146 706
MTREF Funded (1) / Unfunded (0)	15	1	0	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✖	15	✓	✖	✓	✓	✓	✓	✓	✓	✓	✓	✓

## 14. COUNCILLOR AND EMPLOYEE BENEFITS

**(Table SA22) - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration  R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
-	1	A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		7 260	7 866	-	11 132	11 132	11 132	12 000	12 672	13 356
Pension and UIF Contributions		961	914	-	1 581	1 581	1 581	1 300	1 373	1 447
Medical Aid Contributions		581	795	-	1 244	1 244	1 244	600	634	668
Motor Vehicle Allowance		2 923	1 265	-	4 454	4 454	4 454	4 500	4 752	5 009
Cellphone Allowance		632	826	-	968	968	968	1 200	1 267	1 336
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		12 358	11 665	-	19 378	19 378	19 378	19 600	20 698	21 815
% increase	4		(5.6%)	(100.0%)	-	-	-	1.1%	5.6%	5.4%
<b><u>Senior Managers of the Municipality</u></b>	2									
Basic Salaries and Wages		1 816	3 880	-	3 950	4 950	4 950	5 184	5 474	5 770
Pension and UIF Contributions		398	900	-	950	950	950	1 010	1 067	1 124
Medical Aid Contributions		-	250	-	260	260	260	285	301	317
Overtime		494	1 000	-	-	-	-	-	-	-
Performance Bonus		-	40	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	35	-	38	38	38	45	48	50
Cellphone Allowance	3	-	-	-	50	50	50	70	74	78
Housing Allowances	3	-	320	-	348	348	348	389	411	433
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		2 708	6 425	-	5 596	6 596	6 596	6 983	7 374	7 772
% increase	4		137.3%	(100.0%)	-	17.9%	-	5.9%	5.6%	5.4%
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		120 878	106 210	-	130 488	130 488	130 488	143 519	151 556	159 740
Pension and UIF Contributions		24 244	22 245	-	31 633	31 633	31 633	28 237	29 819	31 429
Medical Aid Contributions		10 186	18 725	-	19 518	19 518	19 518	14 123	14 914	15 719
Overtime		8 506	9 356	-	6 906	6 906	6 906	16 745	17 683	18 638
Performance Bonus		165	169	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	1 684	1 271	-	11 382	11 382	11 382	11 178	11 804	12 441
Cellphone Allowance	3	1 883	2 252	-	2 186	2 186	2 186	150	159	167
Housing Allowances	3	-	-	-	1 691	1 691	1 691	818	864	910
Other benefits and allowances	3	13 158	17 211	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	2 858	2 858	2 858	3 450	3 643	3 840
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		180 706	177 439	-	206 662	206 662	206 662	218 221	230 441	242 885
% increase	4		(1.8%)	(100.0%)	-	-	-	5.6%	5.6%	5.4%
<b>Total Parent Municipality</b>		195 772	195 529	-	231 636	232 636	232 636	244 804	258 513	272 472
			(0.1%)	(100.0%)	-	0.4%	-	5.2%	5.6%	5.4%
<b><u>Board Members of Entities</u></b>										
Basic Salaries and Wages										
Pension and UIF Contributions										

Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Board Members of Entities</b>	4	-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Entities</b>	4	-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Staff of Entities</b>	4	-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		195 772	195 529	-	231 636	232 636	232 636	244 804	258 513	272 472
<b>% increase</b>	4		(0.1%)	(100.0%)	-	0.4%	-	5.2%	5.6%	5.4%
<b>TOTAL MANAGERS AND STAFF</b>	5	183 414	183 864	-	212 258	213 258	213 258	225 204	237 815	250 657

**(Table SA23) Salaries, allowances & benefits political office bearers**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							

Speaker	4	1	316 457	64 748	145 908	–		527 113
Chief Whip		1	295 741	61 641	137 964	–		495 346
Executive Mayor		1	400 214	76 296	196 584	–		673 094
Deputy Executive Mayor						–		–
Executive Committee		5	3 253 151	739 692	1 652 328	–		5 645 171
Total for all other councillors		72	6 866 037	1 882 323	3 288 916	–		12 037 276
<b>Total Councillors</b>	<b>8</b>	<b>80</b>	<b>11 131 600</b>	<b>2 824 700</b>	<b>5 421 700</b>			<b>19 378 000</b>

## 15. ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

The SDBIP's for the different departments will in terms of section 53(1)(c)(ii) of the MFMA be tabled and approved by the mayor within 28 days after the approval of the annual budget

## 16. CAPITAL EXPENDITURE DETAILS

The following tables' present details of Madibeng Local Municipality's capital expenditure programme, firstly on new assets and on the repair and maintenance of assets.

**(Table SA36) - Detailed capital budget per municipal vote**

	CAPITAL BUDGET	WARD BENEFITING	BUDGET 2013/14	BUDGET 2014/15	BUDGET 2015/16	FUNDING SOURCE
	<b>MIG FUNDED</b>					
1	WARD 1 WATER SUPPLY SCHEME	1	4 000 000	15 000 000	30 000 000	MIG
2	KLIPGAT EXTENTIONS WATER SUPPLY	24,8,36	10 000 000	25 000 000	15 000 000	MIG
3	HEBRON, KGABALATSANE, ITSOSENG, ROCKVILLE WATER SUPPLY	10,15,16	42 606 000	42 178 000	53 411 000	MIG
4	MABOLOKA ENVIRONMENT WATER SUPPLY	4,5,6	2 000 000			MIG
5	SUNWAY VILLAGE BULK SEWERLINE	30	1 000 000			MIG
6	LETLHABILE WASTE WATER TREATMENT WORKS- UPGRADE	9,11,12,34,	4 000 000	5 000 000		MIG
7	MOTHOTLUNG WASTE WATER TREATMENT WORKS- UPGRADE	20	5 000 000			MIG
8	RIETFontein WASTE WATER TREATMENT WORKS	30	2 000 000			MIG
9	KLIPGAT SANITATION PROJECT	24,8,36	10 000 000	25 000 000	45 000 000	MIG
10	BRITS SEWERAGE PLANT (PUMP STATION)	9,11,12,13,21,22,23	8 500 000	15 000 000		MIG
11	FAFUNG, TO RASAI ROAD	1	10 000 000	15 000 000	30 000 000	MIG
12	MOTHUTLUNG STORM WATER	20	5 000 000	8 000 000		MIG
13	LETLHABILE STORMWATER	9,11,12	5 000 000	7 000 000		MIG
14	OUKASIE STORM WATER	13,21,22	5 000 000	15 000 000	13 000 000	MIG
15	OUKASIE TO ELANDSRAND CONNECTION ROAD	21,22	2 550 000			MIG / SANRAL/PROV. ROAD
16	RANKOTEA ROAD	14	5 000 000	5 000 000	5 000 000	MIG/PPP
17	KLIPGAT STORM WATER	24,8,36	6 000 000			MIG
18	MAKGABELTWANE TO JERICHO ROAD	34,2	5 000 000	12 000 000	5 000 000	MIG
19	CLUSTER ROADS (ALL WARDS)	ALL WARDS	11 500 000	26 500 000	36 500 000	MIG
20	UPGRADING OF THE MAIN BUS AND TAXI RANK (BRITS)	ALL WARDS	-		12 000 000	MIG
21	NEW NORTHERN REGIONAL LANDFILL SITE	ALL WARDS	6 000 000	14 000 000		MIG
22	OUKASIE WASTE TRANSFER STATION	13,21,22	1 500 000			MIG
23	HEBRON WASTE TRANSFER STATION	10,15,16	1 500 000			MIG
24	WARD 19 WASTE TRANSFER STATION(MMAKAU)	17,18,19	1 500 000			MIG
25	NEW OUKASIE CEMETRY	13,21,22	4 000 000	3 000 000		MIG
26	MAJAKANENG CEMETERY	7	2 000 000			MIG
27	LETLHABILE CEMETRY	9,11,12	6 500 000			MIG
28	COMMUNITY HALL ( WARD 1)	1	5 500 000			MIG
29	COMMUNITY HALL ( WARD 17)	17	5 500 000			MIG
30	COMMUNITY HALL ( WARD 25)	25	5 500 000			MIG
31	HEBRON COMMUNITY LIBRARY	15	4 850 000			MIG
32	KGABALATSANE SPORTS FACILITY	10	4 500 000			MIG
33	JERICHO MULTI-PURPOSE CENTRE	2	4 650 000			MIG
34	DITHABANENG MULTI PURPOSE CENTRE	27	-	4 700 000		MIG
35	MADIDI MULTI-PURPOSE CENTRE	3	6 500 000			MIG
36	DAMMONSVILLE UPGRADING OF SPORTS FACILITY	21	6 800 000			MIG
37	SHAKUNG MULTIPURPOSE CENTRE	34	6 000 000	-		MIG
38	PUBLIC LIGHTING (STREET/HIGHMAST)	ALL WARDS	-	4 000 000	15 000 000	MIG
	<b>SUBTOTAL</b>		<b>216 956 000</b>	<b>241 378 000</b>	<b>259 911 000</b>	
	<b>OTHER SOURCES</b>					
39	ELECTRIFICATION OF 750 ERVEN: LETLHABILE EXTENSION I PHASE III	9				INEP
40	ELECTRIFICATION OF 237 ERVEN :LETLHABILE EXT I PHASE IV	9	3 000 000			INEP
41	SUNWAY VILLAGE : ELECTRIFICATION 1000 UNITS	29		10 000 000		INEP
42	REFENTSE: ELECTRIFICATION 100 UNITS	29			1 500 000	INEP
43	ELECTRIFICATION	29			18 500 000	INEP
44	DEKROON SUBSTATION					INTERNAL
45	REHABILITATION OF BOREHOLES	1,2,7,8,34				HERNIC (IN KIND)
46	TREATED-EFFLUENT PIPELINE	ALL WARDS				LONMIN/IFC/AMPLATS(IN KIND)
47	MAJAKANENG STORMWATER	7				LONMIN (IN KIND)
48	EPWP - RESEALING BRITS, HARTBEESPOORTDAM ROADS	21,22,23,29,30	2 000 000			EPWP
49	VALBOSCHSLOOT MULTI PURPOSE CENTRE	1	5 000 000			PPC (IN KIND)
	<b>SUBTOTAL</b>		<b>5 000 000</b>	<b>10 000 000</b>	<b>20 000 000</b>	
	<b>TOTAL</b>		<b>221 956 000</b>	<b>251 378 000</b>	<b>279 911 000</b>	

## 17. LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### MFMA Implementation and Monitoring Checklist

The municipality is generally complying for the majority of the implementation priorities as per the National Treasury implementation and monitoring checklist. This checklist is updated quarterly and submitted to National Treasury. Below in Table 11 is a summary of progress against the plan

No	Implementation priority as per NT template	Progress
1	Preparing an implementation plan	60%
2	Allocating appropriate responsibilities under the MFMA to Accounting Officer	70%
3	Establishing a top (senior) management team	100%
4	Implementing appropriate controls over municipal bank accounts and cash management	90%
5	Meeting of financial commitments	80%
6	Reporting revenue and expenditure	70%
7	Supply chain management	70%
8	Implementing reforms in relation to municipal entities and long-term contracts	90%
9	Completing financial statements and advising National Treasury	80%
10	Completing and tabling annual report	80%
11	Complying with provisions for tender committees, boards of municipal entities and in relation to forbidden activities	80%
12	Complying with provisions for internal audit and audit committees	80%
13	Complying with provisions for budgets	75%
14	Information to be placed on website	50%

### MFMA returns

Name of return	Submitted to
<b>MONTHLY</b>	
Financial Management Grant	NT/PT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	NT/PT
Section 71 Budget Statements	PT/NT
Supply Chain Management	NT/PT
MIG returns	NT/PT
MSIG	NT/PT
Conditional Grants returns	NT/PT
<b>QUARTERLY</b>	
MFMA Implementation and monitoring checklist	NT/PT
Municipal entities	NT/PT
Long-term contracts	NT/PT
Borrowing	NT/PT
<b>ANNUALLY</b>	
Budget tables return	NT/PT
Operating Statement Budget	NT/PT
Cash flow Budget	NT/PT
Budget Capital Acquisition	NT/PT
Budget Evaluation Check list	
<b>MONTHLY</b>	
Financial Management Grant	NT/PT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	NT/PT
Section 71 Budget Statements	PT/NT
Supply Chain Management	NT/PT
MIG returns	NT/PT



MSIG	NT/PT
Conditional Grants returns NT/PT	
<b>QUARTERLY</b>	
MFMA Implementation and monitoring checklist	NT/PT
Municipal entities	NT/PT
Long-term contracts	NT/PT
Borrowing	NT/PT
<b>ANNUALLY</b>	
Budget tables return	NT/PT
Operating Statement Budget	NT/PT
Cash flow Budget	NT/PT
Budget Capital Acquisition	NT/PT
Budget Evaluation Check list	

### **Audit committees**

The municipality has an audit committee in place comprising of independent members as required by section 166 of the MFMA. The Audit Committee meets at least quarterly.

### **Tabling of section 71 reports**

Section 71 reports are submitted to the Executive Mayor and also forwarded to National Treasury/Provincial treasury on a monthly basis.

### **Delegations**

All delegations are in place.

### **Performance agreements**

For the 2012/2013 financial year performance agreements must be signed.

### **Risk management**

The municipality have an updated risk management strategy and plan in place.

## **18. MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I ....., municipal manager of Madibeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal Manager of Madibeng Local Municipality

Signature \_\_\_\_\_

Date \_\_\_\_\_